

WEBER SCHOOL DISTRICT

Basic Financial Statements

Year Ended June 30, 2006

WEBER SCHOOL DISTRICT
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WEBER SCHOOL DISTRICT
5320 Adams Avenue Parkway
Ogden, Utah 84405

October 13, 2006

To President DeGroot, Members of the Board of Education, and
Citizens of the Weber School District:

At the close of each fiscal year, school districts are required by state law to publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP). In addition, these statements are to be audited by licensed certified public accountants in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Pursuant to that requirement, we hereby issue the Basic Financial Statements of the Weber School District for the fiscal year ended June 30, 2006.

Designed to meet the needs of a broad spectrum of readers of financial statements, its basic financial statements are divided into three major sections:

- **Introductory section** – Introduces the reader to the report and includes this transmittal letter.
- **Financial section** – Consists of the independent auditor's report, management's discussion and analysis, the basic financial statements, and combining and individual fund statements and schedules.
- **Statistical section and notes** – Contains substantial selected financial information, but presents tables that differ from financial statements in that they present non-accounting data.

Internal controls. This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To ensure the validity of this report, management of the District has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Independent audits. Schmitt, Griffiths, Smith & Co., P.C. a firm of licensed certified public accountants, has audited the District's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2006 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the District's financial statements for the fiscal year ended June 30, 2006 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report

The independent audit of the financial statements of the District was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the

financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the District's separately issued Single Audit Report.

Management's discussion and analysis. GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in connection with it. The District's MD&A can be found immediately following the report of the independent auditors.

District profile. The District is a legally separate entity enjoying all rights and privileges accorded political subdivisions in the State of Utah. The District is fiscally independent. Policymaking and legislative authority are vested in the Board of Education consisting of seven members. The Board of Education is responsible, among other things, for developing policy, adopting budgets, levying taxes, incurring bonded debt, supervising committees, and hiring both the superintendent and business administrator. The superintendent and business administrator are responsible for carrying out the policies of the Board of Education and oversee the day-to-day operations of the District. The Board of Education is elected on a non-partisan basis. Board members serve four-year staggered terms with no more than four board members elected every two years.

The major purpose of the District is to provide public education for those who reside within the boundaries of the District located in Weber County, Utah. To accomplish this purpose, for the school year 2005-2006, the District services four traditional high schools, nine junior high schools, and twenty nine elementary schools. The District also offers various special purpose programs. One of these special programs includes an alternative high school.

The District serves approximately 28,759 students.

Budgetary control. The District adopts an annual budget for its funds. This budget acts as the financial operating plan for the entire year. Revisions may be implemented during the year authorizing a larger appropriation of available resources through a public hearing and approval from the Board.

All annual appropriations lapse at fiscal year end with the exception of those indicated as a fund balance reserve. During May of each year, the District Superintendent submits to the Board a proposed operating budget for the next fiscal year commencing July 1st. This budget includes proposed expenditures and the means of financing them. Included also is a final budget for the current year ending June 30th.

If the District does not exceed the certified tax rate, a public hearing is held prior to June 22 at which time the budget is legally adopted by resolution of the Board after obtaining taxpayer input. If the District exceeds the certified tax rate, the budget is adopted in August or September when data is available to set rates.

The level by which expenditures may not exceed appropriations has been interpreted by the State Superintendent of Public Instruction to be the total budgeted expenditures of a given fund.

The District's fiscal 2006 balances and projected revenue are sufficient to meet the fiscal 2007 budget as presented to the public in June of 2006.

Economic condition and outlook. The economic outlook of the District is dependent on state aid. The State of Utah has been able to conclude each fiscal year since fiscal 1988 with a general fund surplus. Utah's economy improved significantly in 2005 and continues to improve in 2006. The *Deseret News* reports:

Utah's economy in the first half of 2006 was "possibly the strongest economy we've ever had," a Wells Fargo economist said Wednesday. And, while Wells predicts some modest slowing during the latter part of the year, 2006 could still outpace 2005, according to Kelly K. Matthews, executive vice president and economist for Wells Fargo, which released its midyear report Wednesday. Matthews used local data on population, employment, housing, retail sales and interest rates in his report — which seem to be fitting together rather nicely at the moment. Utah's job growth for the second half of the year is projected to be 4.5 percent, the Wells report stated, trailing slightly the pace set during the 4.7 percent set in the first six months but dusting the 1.4 percent national average reported for June 2006. The state's projected unemployment rate for the latter half of the year is 3.4 percent, compared to June's 3.1 percent. Taxable retail sales are forecast to be up 9 percent by year's end, according to the Wells report. Assuming that crude oil prices remain stable and that inflation and interest rates are kept under control, and barring geopolitical or natural disasters, Matthews said 2007 should be another good year.

The Governor's Office of Planning and Budget reports that Utah's economy is expected to continue to improve in the near term. The state's industrial structure continues to be well-balanced and diversified, with a broad base of businesses and a solid technology and transportation infrastructure. Combined with continued population growth and a young highly educated workforce, the state is positioned well for positive long-term growth.

The state increased the value of the weighted pupil unit (WPU) by 4.49 percent for 2006 from \$2,182 to \$2,280. District taxable property values in tax year 2005 increased by over 6%. Preliminary taxable property values for tax year 2006 provided by the state tax commission indicated a 11.9% increase. This increase is primarily attributable to new growth.

Student growth and facilities. The Governor's Office of Planning and Budget estimates that 145,000 more students will be enrolled in Utah schools over the next ten years than are currently enrolled. This growth is expected to impact Weber School District. A one percent growth is expected to continue for the next five years in the district. This means that over 300 students will be added to the enrollment every year.

Student growth brings additional state aid. However, student growth also adds fixed operational costs to the District. Accordingly, the District has made effective use of boundary changes and portable classroom units to manage the shifting student enrollments. In addition, on June 27, 2006, voters overwhelmingly approved a \$65 Million Bond authorization to construct new facilities and expand current space. Over the next five years, a new elementary school will be built; two larger replacement elementary schools will also be added. In addition a larger replacement junior high school will be constructed and targeted remodeling projects at three elementary schools will also provide more space for students and instruction.

As the District continues to grow, student counts will be carefully monitored so that available financing resources will have the greatest impact. New schools will be built in high growth areas and aging building will be replaced on a priority basis. Current projections indicate most of the growth in the north and west areas of the District.

Audit committee. The District's independent auditor uses the District's audit committee to communicate certain matters to upper management and the Board. The audit committee includes three members of the Board, the District superintendent, and the business administrator. The three members of the Board report audit findings and other financial considerations to the Board. The Board is responsible for the oversight of the financial reporting process.

Cash management and investments. The District maintains a cash and investment pool that is available for use by all funds. This pool has deposits, repurchase agreements, and other investments with varying maturity dates. Over the last four years interest rates plummeted as did investment income. Mid-way

through FY 2005 interest rates started to make a slow climb; and this rise continued on through the end of FY 2006. As a result, investment income increased. Earnings on investments for fiscal 2005 totaled close to \$1.7 million. This is an 83% increase from FY 2005.

The State of Utah Money Management Act with the State Money Management Council governs the District's investment policies and provides a measure of depository protection. The Council issues a list of qualified depositories to public treasurer's each calendar quarter and monitors the maximum amount of public funds each depository is eligible to hold in accordance with the law and the rules of the Council. State law and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. If a qualified depository should become ineligible to hold public funds, the public treasurers are notified immediately.

The District considers the actions of the Utah Money Management Council to be necessary and sufficient for adequate protection of its uninsured bank deposits.

Risk management. The District is self-insured for workers' compensation. Unemployment compensation is handled on a cost of benefits reimbursement basis with the State of Utah. The District participates in the Utah State Risk Management system for property and liability insurance. This is a pooled arrangement where the participating entities pay annual premiums, which are designed to pay claims and build sufficient reserves so that the system will be able to protect the participating entities with its own capital. The pool reinsures excess losses to preserve the capital base.

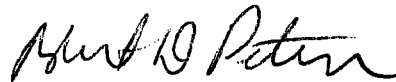
Post employment benefits. Certain employees are eligible to receive post employment healthcare benefits and early retirement incentive stipends. These are considered termination benefits by the District. This year the District has implemented the provisions of Governmental Accounting Standards Board (GASB) Statement 47 which relates to termination benefits. The District finances these benefits primarily as premiums and stipends are paid. The District is in the process of studying the future impact of this benefit and is exploring options for funding in advance or designating fund balances to provide for this obligation.

The efficient and dedicated staff of the business and payroll departments helped accomplished the preparation of this report. We would like to express appreciation to all members of the department who assisted in the preparation of this report. Special appreciation is expressed to Gary Warwood, Assistant Business Administrator, who did most of the work in preparation of this report. Staff Accountants Max Green and Sherie Charlesworth and Purchasing Agent Merlene Wixon and Payroll Supervisor John Fritschle also made significant contributions. We would also like to thank the members of the Board of Education for their interest and support in conducting the financial affairs of the District in a responsible and progressive manner.

Respectfully submitted,



Michael G. Jacobsen, Ph.D.
Superintendent of Schools



Robert D. Petersen, Ph.D.
Business Administrator

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Honorable Board of Education Weber School District

We have audited the accompanying financial statements of the governmental activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of Weber School District as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Weber School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of Weber School District as of June 30, 2006, and the respective changes in financial position, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 26, 2006 on our consideration of Weber School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



The management's discussion and analysis and budgetary comparison information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Weber School District basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Schmitt, Gifford, Sman; Co. P.C.

Ogden, Utah
October 26, 2006

Management's Discussion and Analysis

This section of Weber School District's Basic Financial Statements presents management's discussion and analysis of the District's financial performance during the year ending June 30, 2006. Please read it in conjunction with the transmittal letter and the District's financial statements, which follow this section.

Financial Highlights

- Changes in fund balance were positive for the General Fund, Capital Outlay Fund, and the Child Nutrition Program Fund. The fund balance for the Debt Service Fund was down slightly and the balance for the Recreation Fund continued to remain in positive territory.
- During the year, the combined fund balance increased by \$1.66 million.
- District enrollment growth from October 1, 2004 to October 1, 2005 was 247 or 0.87%.
- On September 7, 2005, the Board held a truth-in-taxation hearing. An increase in the certified rate coupled with a steady escalation in taxable property values, resulted in increased tax collections.
- A 54% increase in the 10% of Basic Levy comprised the majority of the increase in the certified rate. This increase was needed to keep up with rapidly rising fuel, utility, and operation costs.
- On June 27, 2006 voters approved \$65 million in General Obligation bonds for the construction of four new schools, three major remodeling projects and various other improvements. In addition, voters also approved a 75% increase in the Voted Leeway. This increase will provide needed funds to maintain and operate new facilities.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the assets and liabilities of the District, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the net assets of the District changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Fund financial statements. A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and agency funds.

- **Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general maintenance and operation fund, the debt service fund, and the capital projects fund, each of which are considered to be major funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

- **Agency fund.** The District uses an agency fund to account for resources held for student activities and groups.

Notes to the financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$44.79 million at the close of the most recent fiscal year.

- The largest portion of the District's net assets (79.86%) reflects its investment in capital assets (e.g., land, buildings and improvements, and furniture and equipment net of accumulated depreciation); less any related debt (general obligation bonds payable and obligations under capital leases less unspent bond proceeds) used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- An additional portion of the District's net assets (17.41%) represents resources that are subject to external restrictions on how they may be used. The majority of the restricted balance is for capital projects.
- The remaining balance of unrestricted net assets (2.73%) may be used to meet the District's obligations to students, employees, and creditors and to honor next year's budget.

At the end of the 2006 fiscal year, the District is able to report positive balances in all three categories of net assets. The same is true for the prior fiscal year.

The District's net assets decreased by \$1.25 million during the current year; the following discussion and analysis on governmental activities examines this decrease:

WEBER SCHOOL DISTRICT'S Net Assets

	Governmental activities		2005	Total change from prior year
	2006	% of Total		
Current and other assets	\$ 80,503,490	44.50%	\$ 77,945,017	\$ 2,558,473
Capital Assets	100,383,038	55.50%	98,176,259	2,206,779
Total assets	180,886,528	100.00%	176,121,276	4,765,252
Current and other liabilities	70,415,472	51.74%	73,385,864	(2,970,392)
Long-term liabilities outstanding	65,678,740	48.26%	65,017,438	661,302
Total liabilities	136,094,212	100.00%	130,077,326	6,016,886
Net assets:				
Invested in capital assets, net of related debt	35,770,106	79.86%	31,642,175	4,127,931
Restricted	7,797,427	17.41%	8,279,739	(482,312)
Unrestricted	1,224,783	2.73%	(2,203,939)	3,428,722
Total net assets	\$ 44,792,316	100.00%	\$ 46,043,951	\$(1,251,635)
Net assets -- beginning	\$ 46,043,951			
Change in net assets	\$(1,251,635)			

Governmental activities. Increases in overall expenses, were offset by even greater increases in overall revenues (see Financial Analysis chart below). However, there was still a decrease of the District's net assets for the year ended June 30, 2006. A primary reason for this decrease was the provisions of Governmental Accounting Standards Board (GASB) Statement 47 was implemented. GASB 47 addresses district liabilities with regards to termination benefits. When employees retire, and if they meet certain eligibility requirements, they may receive termination benefits. With the implementation of GASB 47, the District recognized the coming year's liability for termination benefits. This led to an increase in overall liabilities that forced our net assets in a downward direction. The District is implementing a plan to fully fund this liability over time which will then increase our assets and drive net assets upward. Following is a further analysis of changes in revenue and expenses over last year.

- The significant percentage increase in revenues was from local taxes. This was due in large part to a tax increase initiated by the Board on September 7, 2005 to offset fuel and utility increases.
- Rates on investments increased significantly pushing earnings up by \$760,000.

- Significant increases in state aid occurred. The reasons for this are threefold. First, continued student growth. Second, the value of the Weighted Pupil Unit (WPU) increased by 4.49%, (\$2,280 during 2006 as compared to \$2,182 in 2005). Third, significant increases occurred in state categorical programs such as Special Education, Career and Technical Education (CTE).
- Capital outlay expenditures decreased \$1.2 million over the prior year as the last of the Bond monies from the May, 2000 bond authorization had been spent during the prior year.

FINANCIAL ANALYSIS OF DISTRICT FUNDS

	Governmental Funds		Total
	2006	2005	Change
Revenues:			
Property taxes	\$ 37,339,281	\$ 35,197,325	\$ 2,141,956
Earnings on investments	1,669,676	909,641	760,035
Other Local Sources	10,030,252	9,899,923	130,329
State Aid	109,371,106	106,045,709	3,325,397
Federal Aid	13,422,840	13,414,138	8,702
Other Financing Sources	1,873,300	494,066	1,379,234
Total revenues	173,706,455	165,960,802	7,745,653
Expenses:			
Instructional Services	100,689,190	100,573,402	115,788
Supporting Services			
Students	5,068,450	4,691,394	377,056
Instructional staff	2,243,998	2,475,417	(231,419)
District administration	3,997,207	4,008,485	(11,278)
School administration	9,422,249	9,244,841	177,408
Business	1,202,315	1,288,402	(86,087)
Operation and maintenance of facilities	14,569,611	13,662,331	907,280
Transportation	5,169,688	4,918,553	251,135
Central/Other	1,882,109	1,764,000	118,109
School lunch services	9,763,411	9,274,303	489,108
Capital Outlay	10,728,407	11,973,592	(1,245,185)
Debt Service	7,309,495	6,980,330	329,165
Total expenses	172,046,130	170,855,050	3,091,080
Net Change in Fund Balance	1,660,325	(4,894,248)	
Fund Balances -- beginning	17,458,733	14,027,005	
Fund Balances -- ending	\$ 19,119,058	\$ 9,132,757	\$ 1,660,325

- Increases in expenses resulted from overall base salary increases and health insurance cost increases. These expense increases were countered by increased revenue as the value of the WPU went up (see above) and as employee participation for health insurance premiums increased. Historically, employees who received health benefits paid 5% of the total premium and the school district paid 95% of the total premium. When the district was faced with an overall insurance premium increase of 12.53%, rather than change the provisions of the plan, employees agreed to increase their share of the premium from 5% to 10%.
- Funding student transportation continues to be a challenge. State policy requires that all elementary students (grades K-6) living more than 1.5 miles from their assigned school be eligible for transportation. In addition, secondary students (grades 7-12) are eligible for school transportation if they live more than two miles from their assigned school. Despite these state mandates, state funding is inadequate to accomplish the required transportation standards. As a result, over \$600,000 of district funding is required for transportation. Over the last two years, the district implemented aggressive cost cutting measures in transportation; unfortunately, these were countered by a rapid rise in diesel fuel required to operate busses.
- Cost of utilities has had a significant impact on the District. Double-digit percentage increases in the cost of natural gas (primary heating fuel) and electricity occurred during the year. Anticipating these cost increases, the District has continued a very aggressive energy savings program in all schools and locations. In addition, the Board raised a levy that can be used to offset utility and full costs. The levy used to provide additional funds for utility costs is known as the "10% of Basic Levy."

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. As the District completed the year, its governmental funds reported a combined fund balance of \$18.12 million; \$1.66 million higher than the previous year (see chart below).

Fund Balance Summary FY 06
Governmental Funds

	General	Debt Service	Capital Projects	Other Govt. Funds	Total Funds
Revenues	144,647,954	7,107,642	10,992,376	10,958,483	173,706,455
Expenses	143,228,949	7,309,495	10,728,407	10,779,279	172,046,130
Net Change in Fund Balance	1,419,005	(201,853)	263,969	179,204	1,660,325
Fund balances – beginning	5,767,779	453,811	9,813,211	429,517	16,464,318
Fund balances – ending	7,186,784	251,958	10,077,180	608,721	18,124,643

Governmental funds report the differences between their assets and liabilities as fund balance, which is divided into reserved and unreserved portions. Reservations indicate the portion of the District's fund balances that are not available for appropriation. The unreserved fund balance is, in turn, subdivided between designated and undesignated portions. Designations reflect the District's self-imposed limitation on the use of otherwise available expendable financial resources in governmental funds. Undesignated balances in the general fund are required by state law to be appropriated in the following year's budget. Fund balances of debt service, capital projects, and other governmental funds are restricted by state law to be spent for the purpose of the fund and are not available for spending at the District's discretion. The designated portion of the fund balance of the general fund is primarily designated for the following purposes:

- *Designation for undistributed reserve.* As allowed by state law (limited to 5% of general fund expenditures), the District has established an undistributed reserve within the general fund. This amount is set aside for contingencies or possible reductions in state funding and is not to be used in the negotiation or settlement of contract salaries. The maintenance of a sufficient reserve is a key credit consideration in the District's excellent bond rating of A1 given by Moody's Investor Service.
- *Post-employment healthcare benefit obligation.* The District provides healthcare coverage for eligible retired employees. The obligation for post-employment healthcare benefits has been determined by an actuarial study completed during the summer of 2006. The District is in the process of setting aside resources to fully fund this obligation. A task force has been designated by the Board to study the future impact of this benefit and is exploring options for funding in advance or designating general fund balances to provide for this obligation.

General Fund Budgetary Highlights

During the year, the Board revised the District's budget. Budget amendments were made to reflect changes in programs and related funding. Actual expenditures were less than final budgeted revenue amounts.

Enrollment Highlights

State and federal funding is highly dependent on enrollment. Since state and federal sources comprise the majority of total revenue, projecting enrollment growth and trends is a critical part of the budget process. Prior to this year, District enrollment growth has been slow. However recent enrollment growth has averaged 1%. This growth is expected to become stronger and continue into the foreseeable future. Growth has been especially strong in the elementary grades (grades k-6). Over the next few years, these large numbers of elementary students will be entering secondary grades; when this occurs, over all district growth will approach two percent.

WEBER SCHOOL DISTRICT ENROLLMENT HISTORY

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
Elementary	14,469	14,612	14,615	14,771	15,022	15,347
Junior High	6,519	6,517	6,604	6,676	6,707	6,612
High School	6,698	6,670	6,591	6,457	6,436	6,497
Regular Sub-Total:	27,686	27,799	27,810	27,904	28,166	28,456
Special Schools	328	302	505	292	361	303
Total Enrollment	28,014	28,101	28,315	28,196	28,527	28,759

Capital Asset and Debt Administration

Capital Assets. The capital projects fund is used to account for costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students within the District. On June 27, 2006, voters approved \$65 million in General Obligation bonds for the construction of four new schools, three major remodeling projects and various other improvements. In addition, voters also approved a 75% increase in the Voted Leeway. This increase will provide needed funds to maintain and operate new facilities.

In its efforts to provide property for future construction, the Board's Land Acquisition Committee is constantly looking for new properties. During 2006, \$718,000 of new land was purchased from the land acquisition fund. The land acquisition fund is a part of the designated portion of the capital projects fund.

Debt Administration. In February 2006, the school district took advantage of lower interest rates and restructured their debt by issuing \$22,890,000 of General Obligation Refunding Bonds (Series 2006). Basically, at a savings to the taxpayer, the district extended their debt further out. This was done to help accommodate a possible bond election in June of 2006 to allow for a stable debt service tax rate. As it turned out, voters overwhelmingly approved a \$65,000,000 bond authorization on June 27, 2006.

The general obligation bonded debt of the District is limited by state law to 4% of the fair market value of the total taxable property in the District. The legal debt limit at June 30, 2006 is \$386.8 million. General obligation debt at June 30, 2006 is \$61.57 million, resulting in a legal debt margin of \$325 million.

Although it is not unusual for governments to have a 30-year bond payoff schedule, the District maintains an aggressive schedule to retire all of its general obligation bonds by 2023.

Requests for Information

This financial report is designed to provide a general overview of the Weber School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Business Administrator, Weber School District, 5320 Adams Avenue Parkway, Ogden, UT 84405.

WEBER SCHOOL DISTRICT**Statement of Net Assets**

June 30, 2006

	Governmental Activities	Component Unit
Assets:		
Cash and investments	\$ 44,337,344	\$ 1,170,730
Receivables:		
Property taxes	29,926,844	-
Other governments	4,565,658	-
Other, net of allowance for bad debt - \$14,000	180,965	-
Prepays	119,323	-
Inventories	932,403	-
Bond issuance costs, net	440,953	-
Other assets	-	6,000
Capital assets:		
Land, and construction-in-progress	12,356,718	-
Other capital assets, net of depreciation	88,026,320	-
Total assets	180,886,528	1,176,730
Liabilities:		
Accounts payable	3,160,320	5,550
Accrued interest	151,602	-
Accrued salaries	15,574,654	-
Termination benefits	11,290,962	-
Deferred revenue:		
Property taxes	32,634,729	-
Other governments	7,603,205	-
Noncurrent liabilities:		
Due within one year	6,163,880	-
Due in more than one year	59,514,860	-
Total liabilities	136,094,212	5,550
Net Assets:		
Invested in capital assets, net of related debt	35,770,106	-
Restricted for:		
School lunch	608,721	-
Foundation	-	1,171,180
Debt service	100,356	-
Capital projects	7,366,946	-
Unrestricted	946,187	-
Total net assets	\$ 44,792,316	\$ 1,171,180

WEBER SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2006

Functions	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions		
Governmental activities:					
Instructional services	\$ 107,503,965	\$ 569,491	\$ 32,695,943	\$ (71,850,309)	\$ -
Supporting services:					
Students	5,068,450	-	2,584,124	(2,484,326)	-
Instructional staff	2,243,998	-	860,234	(1,383,764)	-
District administration	4,092,651	-	-	(4,092,651)	-
School administration	9,737,403	-	193,585	(9,543,818)	-
Business	1,202,315	-	-	(1,202,315)	-
Operation and maintenance of facilities	14,839,401	-	926,463	(13,912,938)	-
Transportation	5,697,523	458,670	3,118,560	(2,120,293)	-
Central	1,903,671	-	116,940	(1,786,731)	-
School lunch services	10,047,382	4,614,936	5,327,681	(104,765)	-
Interest on long-term liabilities	3,548,956	-	-	(3,548,956)	-
Total school district	\$ 165,885,715	\$ 5,643,097	\$ 45,823,530	(112,030,866)	-
Component Unit:					
Foundation	\$ 785,873	\$ -	\$ 138,456	-	(647,417)
General revenues:					
Property taxes levied for:					
General purposes				20,403,542	-
Transportation				1,068,995	-
Recreation				674,704	-
Debt service				7,002,676	-
Capital outlay				8,189,364	-
Federal and state aid not restricted to specific purposes				74,582,194	-
Contributions not restricted to specific programs				-	509,984
Earnings on investments				1,669,676	38,468
Miscellaneous				4,387,155	-
Total general revenues				117,978,306	548,452
Change in net assets				5,947,440	(98,965)
Net assets - beginning, as restated				38,844,875	1,270,145
Net assets - ending				\$ 44,792,316	\$ 1,171,180

The notes to the financial statements are an integral part of this statement.

WEBER SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2006

	Major Funds			Other	Total
	General	Debt Service	Capital Projects	Governmental Funds	Governmental Funds
Assets:					
Cash and investments	\$ 31,414,851	\$ 835,433	\$ 11,366,968	\$ 720,092	\$ 44,337,344
Receivables:					
Property taxes	16,155,628	6,414,519	6,811,723	544,974	29,926,844
Other governments	4,135,591	-	-	430,067	4,565,658
Other receivables, net of allowance for bad debt - \$14,000	180,575	-	390	-	180,965
Prepaid expenses	31,917	-	87,407	-	119,324
Inventory	548,733	-	-	383,670	932,403
Other assets	-	-	-	-	-
Total assets	\$ 52,467,295	\$ 7,249,952	\$ 18,266,488	\$ 2,078,803	\$ 80,062,538
Liabilities and fund balances:					
Liabilities:					
Accounts payable	\$ 3,102,515	\$ -	\$ 41,612	\$ 16,193	\$ 3,160,320
Accrued salaries	14,062,742	-	748,476	763,436	15,574,654
Termination benefits	2,868,556	-	-	96,431	2,964,987
Deferred revenue:					
Property taxes	17,643,493	6,997,994	7,399,220	594,022	32,634,729
Other governments	7,603,205	-	-	-	7,603,205
Total liabilities	45,280,511	6,997,994	8,189,308	1,470,082	61,937,895
Fund Balances:					
Reserved for:					
Encumbrances	96,076	-	1,492,436	33,334	1,621,846
Unreserved:					
Designated for:					
Undistributed reserve	3,315,092	-	-	-	3,315,092
Federal impact aid program	194,593	-	-	-	194,593
Schools	3,973,716	-	-	-	3,973,716
Computer replacement	-	-	2,710,234	-	2,710,234
Land	-	-	1,854,455	-	1,854,455
Early retirement health care	1,000,000	-	-	-	1,000,000
Roof units	-	-	950,000	-	950,000
Undesignated, reported in:					
General fund	(1,392,693)	-	-	-	(1,392,693)
Debt service fund	-	251,958	-	-	251,958
Capital projects fund	-	-	3,070,055	-	3,070,055
Special revenue funds	-	-	-	575,387	575,387
Total fund balances	7,186,784	251,958	10,077,180	608,721	18,124,643
Total liabilities and fund balances	\$ 52,467,295	\$ 7,249,952	\$ 18,266,488	\$ 2,078,803	\$ 80,062,538

The notes to the financial statements are an integral part of this statement.

WEBER SCHOOL DISTRICT
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2006

Total fund balances for governmental funds \$ 18,124,643

Total net assets reported for governmental activities differs from the statement of net assets as follows:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. Those assets consist of the following:

Land	\$ 12,016,030	
Construction-in-progress	340,687	
Buildings and improvements, net of \$104,107,596 accumulated depreciation	82,519,388	
Furniture and equipment, net of \$12,154,440 accumulated depreciation	<u>5,506,931</u>	100,383,036

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. Accrued interest for general obligation bonds is \$151,601. (151,602)

Bond issuance costs are reported as expenditures in the governmental funds. The cost is \$490,260 and accumulated amortization is \$49,306. 440,954

Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net assets. Balances at year-end follow:

Bonds payable	\$ (61,570,000)	
Unamortized premiums	(880,097)	
Deferred amounts on refunding	1,092,282	
Accrued vacation	(1,065,810)	
Notes payable	(3,255,115)	
Termination benefits	<u>(8,325,975)</u>	<u>(74,004,715)</u>

Total net assets of governmental activities \$ 44,792,316

WEBER SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2006

	Major Funds			Other	Total
	General	Debt Service	Capital Projects	Governmental Funds	Governmental Funds
Revenues:					
Property taxes	\$ 19,146,631	\$ 7,107,642	\$ 10,387,838	\$ 697,170	\$ 37,339,281
Earnings on investments	1,559,276	-	102,535	7,865	1,669,676
School lunch sales	-	-	-	4,614,936	4,614,936
Other local sources	5,207,740	-	-	207,576	5,415,316
State aid	105,625,957	-	2,388,222	1,356,927	109,371,106
Federal aid	9,459,953	-	-	3,962,887	13,422,840
Total revenues	140,999,557	7,107,642	12,878,595	10,847,361	171,833,155
Expenditures:					
Current:					
Instructional services	99,673,322	-	-	1,015,868	100,689,190
Supporting services:					
Students	5,068,450	-	-	-	5,068,450
Instructional staff	2,243,998	-	-	-	2,243,998
District administration	3,997,207	-	-	-	3,997,207
School administration	9,422,249	-	-	-	9,422,249
Business	1,202,315	-	-	-	1,202,315
Operation and maintenance of facilities	14,569,611	-	-	-	14,569,611
Transportation	5,169,688	-	-	-	5,169,688
Central	1,882,109	-	-	-	1,882,109
School lunch services	-	-	-	9,763,411	9,763,411
Capital outlay	-	-	10,728,407	-	10,728,407
Debt service:					
Principal retirement	-	3,820,000	-	-	3,820,000
Interest and fiscal charges	-	3,489,495	-	-	3,489,495
Total expenditures	143,228,949	7,309,495	10,728,407	10,779,279	172,046,130
Excess (deficiency) of revenues over (under) expenditures	(2,229,392)	(201,853)	2,150,188	68,082	(212,975)
Other financing sources (uses):					
Transfers	3,648,397	-	(3,759,519)	111,122	-
Bond proceeds	-	-	-	-	-
Loan proceeds	-	-	2,557,779	-	2,557,779
Bond premium	-	-	-	-	-
Proceeds of refunding bonds	-	22,890,000	-	-	22,890,000
Bond premium on refunding bonds	-	297,274	-	-	297,274
Bond refunding issuance costs	-	(225,208)	-	-	(225,208)
Payment to refunding bond escrow agent	-	(22,962,066)	-	-	(22,962,066)
Note payments	-	-	(646,449)	-	(646,449)
Note interest	-	-	(48,376)	-	(48,376)
Sale of capital assets	-	-	10,346	-	10,346
Total other financing sources (uses)	3,648,397	-	(1,886,219)	111,122	1,873,300
Net change in fund balances	1,419,005	(201,853)	263,969	179,204	1,660,325
Fund balances - beginning, as restated	5,767,779	453,811	9,813,211	429,517	16,464,318
Fund balances - ending	\$ 7,186,784	\$ 251,958	\$ 10,077,180	\$ 608,721	\$ 18,124,643

The notes to the financial statements are an integral part of this statement.

WEBER SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Government Funds to the Statement of Activities
Year Ended June 30, 2006

Net change in fund balances-total governmental funds **\$ 1,660,325**

Amounts reported for governmental activities differ from the statement of activities as follows:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 for furniture and equipment and \$100,000 for buildings and improvements are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.

Capital outlays	\$ 6,888,716	
Accumulated depreciation adjustment for retired fixed assets	461,798	
Furniture and equipment retirements	(458,889)	
Depreciation expense	<u>(4,684,849)</u>	2,206,776

The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

Payment to refunded bond escrow agent	\$ 22,962,066	
Proceeds of refunding bonds	(22,890,000)	
Loan proceeds	(2,557,779)	
Bond premium	(297,274)	
Bond issuance costs	225,207	
Repayment of bond principal	3,820,000	
Repayment of loan principal	887,461	
Interest expense - general obligation bonds	(7,764)	
Amortization of bond deferred charges	(51,508)	
Amortization of bond issuance costs	(20,742)	
Amortization of bond premium	<u>48,187</u>	2,117,855

In the statement of activities, compensated absences (vacations), is measured by the amounts earned during the year. In the governmental funds, however, expenditures for this item is measured by the amount of financial resources used (essentially, the amounts actually paid or to be paid in the following year). During this year, accrued vacation increased by \$37,516.

(37,516)

Change in net assets of governmental activities

\$ 5,947,440

WEBER SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
Year Ended June 30, 2006

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues:				
Property taxes	\$ 21,046,229	\$ 21,046,229	\$ 19,146,631	\$ (1,899,598)
Earnings on investments	450,000	700,000	1,559,276	859,276
Other local sources	9,165,960	6,000,000	5,207,740	(792,260)
State aid	105,163,515	108,766,337	105,625,957	(3,140,380)
Federal aid	9,255,894	9,165,960	9,459,953	293,993
Total revenues	145,081,598	145,678,526	140,999,557	(4,678,969)
Expenditures:				
Current:				
Instructional services	104,266,064	104,764,092	99,673,322	5,090,770
Supporting services:				
Students	5,879,986	5,553,528	5,068,450	485,078
Instructional staff	2,796,122	2,487,609	2,243,998	243,611
District administration	3,515,299	4,130,664	3,997,207	133,457
School administration	9,287,112	9,669,133	9,422,249	246,884
Business	1,260,699	1,318,488	1,202,315	116,173
Operation and maintenance of facilities	16,186,967	18,236,137	14,569,611	3,666,526
Transportation	5,324,536	5,297,015	5,169,688	127,327
Central	2,383,754	2,585,164	1,882,109	703,055
Total expenditures	150,900,539	154,041,830	143,228,949	10,812,881
Excess of expenditures over revenues	(5,818,941)	(8,363,304)	(2,229,392)	6,133,912
Other financing sources (uses):				
Transfer in (out)	2,162,572	3,599,794	3,648,397	48,603
Net change in fund balances	(3,656,369)	(4,763,510)	1,419,005	6,182,515
Fund balances - beginning, as restated	8,113,755	8,113,755	5,767,779	(2,345,976)
Fund balances - ending	\$ 4,457,386	\$ 3,350,245	\$ 7,186,784	\$ 3,836,539

The notes to the financial statements are an integral part of this statement.

WEBER SCHOOL DISTRICT
Statement of Fiduciary Net Assets
Agency Fund
June 30, 2006

	<u>Student Activities Fund</u>
Assets:	
Cash and investments	\$ 131,596
Fund balances:	
Unreserved, undesignated	\$ 131,596
Total fund equity	<u>\$ 131,596</u>

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Weber School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

In June 1999, the Governmental Accounting Standards board (GASB) unanimously approved Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. Certain of the significant changes in the Statement include the following:

- A Management's Discussion and Analysis (MD&A) providing an analysis of the District's overall financial position and results of operations.
- Financial statements prepared using full-accrual accounting for all of the District's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements as of June 30, 2006.

Reporting entity – The Board of Education, comprised of seven elected individuals, is the primary governing authority for the District. As required by GAAP, these financial statements present the District and its component unit, Weber School District Foundation. The District is not a component unit of any other primary government.

- *Discrete component unit.* The Weber School District Foundation is a nonprofit organization established under Internal Revenue Service regulations as a conduit for tax-deductible donations to the District. The Foundation exclusively services the District. Complete financial statements may be obtained at the Foundation's administrative office located at 5320 Adams Ave Parkway, Ogden, Utah.

Government-wide and fund financial statements – The *government-wide financial statements* (the statement of net assets and the statement of changes in net assets) display information about the primary government (the District) and its discrete component unit. These statements include the financial activities of the overall government, except for fiduciary activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to a particular function. Depreciation expense for capital assets that can specifically be identified with a function are included in its direct expenses. Depreciation expense for "shared" capital assets (for example, a school building is used primarily for instructional, school administration, operation and maintenance of facilities, and school lunch services) are ratably included in the direct expenses of the appropriate functions. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Interest on general long-term liabilities is considered an indirect expense and is reported in the statement of activities as a separate line. Program revenues include 1) fees and charges paid by students and other recipients of goods or services offered by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues that are not classified as program revenues, including property taxes, are presented as general revenues.

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

The *fund financial statements* provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

- The *general fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *debt service fund* accounts for resources accumulated and payments made for principal and interest on general obligation school building bonds.
- The *capital projects fund* account for resources accumulated and payments made for the acquisition and improvement of sites, construction and remodel of facilities, and procurement of equipment necessary for providing educational programs for all students within the District.

Additionally, the District reports the following fund types:

- *Special Revenue*
- *Trust and Agency Fund (a fiduciary fund)* accounts for monies held on behalf of student groups.

Measurement focus, basis of accounting, and financial statement presentation – The *government-wide and fiduciary fund financial statements* are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District receives value without directly giving equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when the District receives cash. Expenditures generally are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, early retirement and postemployment healthcare benefits, arbitrage rebates, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Budgetary Data – Budgets are presented on the modified accrual basis of accounting for all governmental funds. Budgets are not adopted on a District level for the Weber County School District Foundation or the trust and agency fund. All annual appropriations lapse at fiscal year-end with the exception of those indicated as a fund balance reserve. The following procedures are used in establishing the budgetary data reflected in the financial statements.

- During May of each year, the District superintendent submits to the Board a proposed operating budget for the next fiscal year commencing July 1st. This budget includes proposed expenditures and the means of financing them. Included also is a final budget for the current year ending June 30th.
- Copies of the proposed budget are made available for public inspection and review by patrons of the District.
- If the District does not exceed the certified tax rate, a public hearing is held prior to June 22nd at which time the budget is legally adopted by resolution of the Board after obtaining taxpayer input. If the District exceeds the certified tax rate, the budget is adopted in August when data is available to set the rates.
- Once adopted, the budget can be amended by subsequent Board action. The Board, upon recommendation of the superintendent, can approve reductions in appropriations, but increases in appropriations by fund require a public hearing prior to amending the budget. In accordance with Utah state law, interim adjustments may be made by administrative transfer of money from one appropriation to another within any given fund.
- Certain interim adjustments in estimated revenue and expenditures during the year ended June 30, 2006, have been included in the final budget approved by the Board, as presented in the financial statements.
- Expenditures may not legally exceed budgeted appropriations at the fund level.

Encumbrance accounting is employed in the governmental funds. Encumbrances (e.g., purchase orders and contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Negative variances in total revenues and the positive variances in total expenditures are largely a result of federal and state program revenues and related expenditures that do not have a direct impact on the undesignated fund balance. Budgets generally assume the expenditure of all available resources. Therefore, when the budget is prepared, it is assumed these funds will not have a carryover of revenue to a subsequent year. Program revenue received but not spent is restricted and deferred to the subsequent fiscal year. As a result, overall fund revenue variances will be negative, and overall fund expenditure variances will be positive.

Deposits and Investments – The cash balances of substantially all funds are pooled and invested by the District for the purpose of increasing earnings through investment activities and providing efficient management of temporary investments. The pooled investments are reported at fair value at year-end. Changes in the fair value of investments are recorded as investment earnings. Earnings on pooled funds are apportioned and credited to the funds.

Cash and Cash Equivalents – The District considers cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, including investments in the Public Treasurers' Investment Fund (PTIF) to be cash equivalents.

Inventories – Inventories are valued at cost or, if donated, at fair value when received, using the moving average method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Donated food commodities are reported in the governmental funds and are recorded as revenue when received and as an expense when consumed.

Capital Assets – Capital assets, which include land, buildings and improvements, and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 for land, furniture and equipment and \$100,000 for buildings and improvements and an estimated useful life in excess of two years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extended assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

Buildings and improvements and furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Building improvements and portable classrooms	20
Maintenance equipment	15
Buses	10
Furniture	10
Office equipment	10
Vehicles	8
Computer equipment	3

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Accrued Wages Payable – Wages payable result from unpaid employee service at the balance sheet date. This amount arises from employee contracts which spread payment for nine months of service over a twelve-month period.

Compensated Absences - Under terms of association agreements, twelve-month or full-year employees earn vacation and sick leave in amounts varying with tenure and classification. In the event of termination or death, an employee is reimbursed for accumulated vacation days. Accumulated sick leave is also reimbursed to employees that retire, but is dependent on certain criteria being met. The criteria are defined in each employee groups' handbook. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term Obligations – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a restricted purpose. Designations of fund balance represent tentative plans for future use of financial resources that are subject to change.

2. DEPOSITS AND INVESTMENTS

Deposits and investments for the District are governed by the Utah Money Management Act (Utah Code Annotated, Title 51, Chapter 7, "the Act") and by the rules of the Utah Money Management Council (the Council"). Following are discussions of risks related to its cash management activities.

Custodial Credit Risk

Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be recovered. The District's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the District to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

As of June 30, 2006, \$10,697,003 of the District's bank balance of \$13,050,796 was uninsured and uncollateralized. As of June 30, 2005, \$15,800,415 of the District's bank balance of \$18,253,577 was uninsured and uncollateralized.

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Credit Risk

Investments. Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The District's policy for limiting the credit risk is to comply with the Utah Money Management Act.

The District is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized basis. The income, gains, and losses, net of administrative fees, of the PTIF are allocated based upon the participant's average daily balances.

As of June 30, 2006 and 2005, the District had \$34,354,867 and \$31,332,862, respectively, invested directly with the PTIF.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The local government manages its exposure to declines in fair value by investing mainly in the PTIF and by adhering to the Utah Money Management Act. The Act requires that the remaining term to maturity of the investment may not exceed the period of availability of the funds to be invested.

3. PROPERTY TAXES

The property tax revenue of the District is collected and distributed by the Weber County Treasurer as an agent of the District. Utah statutes establish the process by which taxes are levied and collected. The County Assessor is required to assess real property as of January 1 and complete the tax rolls by May 15. By July 21, the County Auditor is to mail assessed value and tax notices to property owners. A taxpayer may then petition the County Board of Equalization between August 1 and August 15 for a revision of the assessed value. The County Auditor makes approved changes in assessed value by November 1 and on this same date the County Auditor is to deliver the completed assessment rolls to the county treasurer. Tax notices are mailed with a due date of November 30. Delinquent taxes are subject to a 2% penalty, with a \$10 minimum penalty. If delinquent taxes and penalties are not paid by January 15 of the following year, these delinquent taxes, including penalties, are subject to an interest charge at an annual rate equal to the federal discount rate plus 6%; the interest period is from January 1 until date paid.

Motor vehicles are subject to an "age-based" fee that is due each time a vehicle is registered. The age-based fee is for passenger type vehicles and ranges from \$10 to \$150. The revenues collected in each county from motor vehicle fees is distributed by the county to each taxing entity in which the property is located in the same proportion in which revenue collected from ad valorem real property tax is distributed. The District recognizes motor vehicle fees as revenue when the county collects them.

As of June 30, 2006, property taxes receivable by the District includes uncollected taxes assessed as of January 1, 2006. It is expected that all assessed taxes will be collected within a five-year period, after which time the County Treasurer may force sale of property to collect the delinquent portion. The property taxes receivable and property taxes deferred revenue accounts at June 30, 2006 are summarized as follows:

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Fund description	Property Taxes	
	Receivable	Deferred Revenue
General	\$ 16,155,628	\$ 17,643,493
Debt service	6,414,519	6,997,994
Capital projects	6,811,723	7,399,220
Other government funds	544,974	594,022
Total	<u>\$ 29,926,844</u>	<u>\$ 32,634,729</u>

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2006 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 9,238,031	\$ 2,778,499	\$ (500)	\$ 12,016,030
Construction in progress	114,856	340,688	(114,856)	340,688
Total capital assets, not being depreciated	<u>9,352,887</u>	<u>3,119,187</u>	<u>(115,356)</u>	<u>12,356,718</u>
Capital assets, being depreciated:				
Buildings and improvements	184,537,945	2,092,918	(3,878)	186,626,985
Furniture and equipment	16,324,415	1,795,845	(458,889)	17,661,371
Total capital assets, being depreciated	<u>200,862,360</u>	<u>3,888,763</u>	<u>(462,767)</u>	<u>204,288,356</u>
Accumulated depreciation for:				
Buildings and improvements	(100,491,582)	(3,618,923)	2,909	(104,107,596)
Furniture and equipment	(11,547,403)	(1,065,926)	458,889	(12,154,440)
Total accumulated depreciation	<u>(112,038,985)</u>	<u>(4,684,849)</u>	<u>461,798</u>	<u>(116,262,036)</u>
Total capital assets, being depreciated, net	<u>88,823,375</u>	<u>(796,086)</u>	<u>(969)</u>	<u>88,026,320</u>
Governmental activities capital assets, net	<u>\$ 98,176,262</u>	<u>\$ 2,323,101</u>	<u>\$ (116,325)</u>	<u>\$ 100,383,038</u>

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

For the year ended June 30, 2006, depreciation expense was charged to functions of the District as follows:

Governmental activities:	
Instructional services	\$ 3,208,608
Supporting services:	
District administration	95,444
School administration	287,018
Operation and maintenance of facilities	260,411
Transportation	527,835
Central	21,562
School lunch services	283,971
Total depreciation expense, governmental activities	<u>\$ 4,684,849</u>

The District is obligated at June 30, 2006, under construction commitments as follows:

Project	Project Authorized	Costs to Date	Costs to Complete
Plain City Elementary Architect	\$ 377,767	\$ 340,688	\$ 37,079
	<u>\$ 377,767</u>	<u>\$ 340,688</u>	<u>\$ 37,079</u>

A reservation of fund balance for construction commitments in the capital projects fund has been established to fulfill the required costs to complete at June 30, 2006.

5. RETIREMENT PLANS

Defined Benefit Plans – The District contributes to the State and School Contributory Retirement System and State and the School Noncontributory Retirement System (collectively, the Systems) which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (URS). URS provides refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953, as amended. The Utah State Retirement Act in Chapter 49 provides for the administration of the URS and plans under the direction of the Utah State Retirement Board whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Plan members in the State and School Contributory Retirement System are required to contribute 1.00% of annual covered salary, and the District contributes 8.89% of annual covered salary. For employees participating in the State and School Noncontributory System, the District contributes 13.38% of annual covered salary. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Utah State Retirement Board.

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

The District's contributions to the State and School Contributory Retirement System for the years ended June 30, 2006, 2005, and 2004 are \$83,109, \$102,088, and \$84,029, respectively and for the Noncontributory Retirement System for the years ended June 30, 2006, 2005, and 2004 are \$9,884,584, \$10,292,997, and \$8,334,302, respectively. The contributions were equal to the required contributions for each year.

Defined Contribution Plans – The District also participates in a defined contribution plan under Internal Revenue Code Section 401(k) to supplement retirement benefits accrued by participants in the Systems. Employees covered by the State and School Noncontributory Retirement System have a contribution of 1.5% of covered salaries automatically made by the District. Employees participating in the Systems can make additional contributions to the 401(k) plan up to specified limits. Contributions and earnings may be withdrawn by the employee upon termination or may be used as supplemental income upon retirement. The employer 401(k) contributions for the years ended June 30, 2006, 2005 and 2004 are \$1,238,871, \$1,216,418, and \$1,099,894, respectively; the employee contributions for the years ending June 30, 2006, 2005 and 2004 are \$2,049,116, \$2,025,776, and \$1,806,546, respectively. The 401(k) plan funds are fully vested to the participants at the time of deposit. Plan assets are administered and held by URS.

The District also offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457. The plan, available to all full-time employees, permits them to defer a portion of their salary until future years. Employees are eligible to voluntarily participate from the date of employment and are vested immediately upon participating. Employee contributions to the Section 457 plan totaled \$133,752 for the year ended June 30, 2006. The assets of the plan are administered and held by URS and a third-party administrator.

6. RISK MANAGEMENT

The District also maintains insurance coverage for general, automobile, personal injury, errors and omissions, employee dishonesty, and malpractice liability up to \$10 million per occurrence through policies administered by the Utah State Risk Management Fund (Fund). The District also insures its buildings, including those under construction, and contents against all insurable risks of direct physical loss or damage with the Fund. Property physical damage is insured to replacement value with a \$1,000 deductible; automobile physical damage is insured to actual value with a \$350 deductible; other liability is limited to the lesser of \$10 million or the statutory limit. The Fund is a public entity risk pool operated by the State for the benefit of the State and local governments within the State. The District pays annual premiums to the Fund; the Fund obtains independent coverage for insured events, up to \$25 million per location. This is a pooled arrangement where the participants' pay experienced rated annual premiums, which are designed to pay claims and build sufficient reserves so that the pool will be able to protect the participating entities with its own capital. The pool reinsures excess losses to preserve the capital base. Insurance coverage from coverage by major category of risk has remained relatively constant as compared to the prior fiscal year. Insurance settlements have not exceeded insurance coverage for the past three years.

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

7. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2006 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 64,730,000	\$ 660,000	\$ (3,820,000)	\$ 61,570,000	\$ 3,770,000
Deferred amounts for issuance premium	631,010	297,274	(48,187)	880,097	-
Deferred amounts on refunding	(411,723)	(732,066)	51,507	(1,092,282)	-
Total bonds payable, net	64,949,287	225,208	(3,816,680)	61,357,815	3,770,000
Notes Payable	1,584,797	2,557,779	(887,461)	3,255,115	1,328,070
Accrued vacation	1,028,295	37,515	-	1,065,810	1,065,810
Total governmental activity					
long-term liabilities	<u>\$ 67,562,379</u>	<u>\$ 2,820,502</u>	<u>\$ (4,704,141)</u>	<u>\$ 65,678,740</u>	<u>\$ 6,163,880</u>
Termination benefits	<u>\$ 10,083,684</u>	<u>\$ 3,631,594</u>	<u>\$ (2,424,316)</u>	<u>\$ 11,290,962</u>	<u>\$ 2,964,987</u>

Payments on the general obligation bonds are made by the debt service fund from property taxes. The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2006, including interest payments are listed as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 3,770,000	\$ 2,803,655	\$ 6,573,655
2008	4,275,000	2,620,308	6,895,308
2009	3,815,000	2,435,923	6,250,923
2010	4,260,000	2,267,318	6,527,318
2011	3,720,000	2,062,310	5,782,310
2012 - 2023	41,730,000	12,863,339	54,593,339
	<u>\$ 61,570,000</u>	<u>\$ 25,052,853</u>	<u>\$ 86,622,853</u>

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

General Obligation Bonds – General obligation school building bonds payable at June 30, 2006, with their outstanding balance are comprised of the following individual issues:

\$11,670,000 1998B general obligation school building bonds, due in annual installments of \$35,000 to \$2,740,000, beginning June 15, 1999, through June 15, 2007, interest from 3.25% to 5.00%	\$ 2,740,000
\$10,000,000 2000 general obligation school building and refunding bonds, due in annual installments of \$155,000 to \$900,000, beginning June 15, 2000, through June 15, 2020, interest from 4.25% to 5.65%	1,865,000
\$15,000,000 2001B general obligation refunding bonds, due in annual installments of \$250,000 to \$1,485,000, beginning June 15, 2002, through June 15, 2021, interest from 4.25% to 5.10%	1,160,000
\$2,500,000 2002 general obligation refunding bonds, with installments of \$320,000 to \$500,000, with the first installment June 15, 2003, then annual installments from June 15, 2017 through June 15, 2021, interest from 2.00% to 4.70%	1,855,000
\$13,260,000 2003 general obligation refunding bonds with installments of \$220,000 to \$4,040,000 with the first two installments beginning June 15, 2005 and 2006, then annual installments from June 15, 2017 to June 15, 2023, interest from 2.00% to 5.00%	9,380,000
\$7,775,000 2005 general obligation refunding bonds, with installments of \$380,000 to \$1,340,000, with annual installments beginning June 15, 2008, interest from 2.00% to 5.00%	7,775,000
\$22,890,000 2006 general obligation refunding bonds, with installments of \$140,000 to \$3,425,000, with annual installments beginning June 15, 2007, interest from 3.50% to 4.25%	22,890,000
	<u>\$ 61,570,000</u>

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

The general obligation bonded debt of the District is limited by state law to 4% of the fair market value of the total taxable property in the District. The legal debt limit at June 30, 2006, is \$386,845,311. General obligation debt at June 30, 2006 is \$61,570,000, resulting in a legal debt margin of \$325,275,311. On February 28, 2006, the District issued \$22,890,000 of general obligation refunding bonds (Series 2006) to provide resources, that consist of cash and non-callable direct full-faith and credit obligations of the U.S. Government, that were placed in an irrevocable escrow account for the purpose of generating resources for all future debt service payments of \$22,230,000 for general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the government-wide financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$732,066. This amount is being amortized over the life of the new refunding bonds. This advance refunding was undertaken to reduce total debt service payments by \$720,962 and resulted in an economic gain of \$834,072.

8. INTERFUND ACTIVITY

During the year ended June 30, 2006, the general fund transferred \$111,122 to the recreation fund because that fund was in a deficit position, which is not allowed by law. In addition, the capital projects fund transferred \$3,759,519 to the general fund which is allowed by State law for the purchase of supplies.

9. TERMINATION BENEFITS

RETIREE HEALTH COVERAGE

In accordance with Board of Education policy, the District provides health coverage to certain retirees who are not yet eligible for Medicare. Retirees receiving this benefit must contribute the same out-of-pocket premium percentage required by active employees. Teachers may receive up to ten years of single coverage and seven years of couple or family coverage. To receive this benefit, a teacher must have ten years of service in the District and qualify for retirement under the Utah State Retirement System. Administrators may receive family, couple, or single coverage from their retirement until they are eligible for Medicare. To receive this benefit, a retiring administrator must have ten years of service in the District and qualify for retirement under the Utah State Retirement System. Retired classified employees may also receive health benefits. Most classified employees may receive up to seven years of couple or single coverage until they become Medicare eligible. Generally speaking, a typical classified employee must be employed with Weber School District prior to age 55 and qualify to retire under the Utah State Retirement System. At June 30, 2006 there were 236 retirees eligible to receive health coverage. During the year, the District paid \$1,083,219 for retiree health coverage. The projected estimated future cost of post-employment supplemental coverage of current retirees is \$9,298,874. This figure is based on a four percent discount rate and a health care trend rate which starts at 7.5% and ratably decreases to 5.5% in the year 2010. The post-employment healthcare benefits are financed on a pay-as-you-go basis.

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

STIPENDS

In accordance with Board of Education policy, the District provides early retirement incentive stipends to certain retirees. All employees are eligible for these stipends if they meet certain criteria. To receive a stipend an employee must have ten years of service in the District, qualify to retire under the Utah State Retirement System, and meet specified age requirements. Retirees will then receive a stipend each year up to four years based upon a percentage of final salary as it pertains to their employee classification. During the year, the District paid \$1,207,279 for retiree stipends. The projected estimated future cost of early retirement incentives of current retirees is \$1,992,089. This figure is based on a four percent discount rate used in the calculation. The early retirement incentives are financed on a pay-as-you-go basis.

10. DESIGNATED FOR UNDISTRIBUTED RESERVE

Utah state law allows for the establishment of an undistributed reserve. The Board must authorize expenditures from the undistributed reserve. This reserve is for contingencies. According to State law, the District may not use undistributed reserves in the negotiation or settlement of contract salaries for District employees. The undistributed reserve may not exceed 5% of the current fiscal year's total general fund budgeted expenditures. Use of the reserve requires a written resolution adopted by a majority vote of the Board filed with the Utah State Board of Education and State Auditor.

11. LITIGATION

There are several lawsuits pending in which the District is involved. The District's counsel and insurance carriers estimate that the potential claims against the District, not covered by insurance, resulting from such litigation would not materially effect the financial statements of the District.

12. GRANTS

The District receives significant financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the District's independent auditors and other governmental auditors. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. Based on prior experience, District administration believes such disallowance, if any, would be immaterial.

13. BEGINNING FUND BALANCES RESTATEMENT

As required by the provisions of Statement 47 of the Governmental Accounting Standards Board, the beginning fund balances for the General Fund and the School Lunch Fund have been adjusted for termination benefits. The General Fund balance and School Lunch Fund balance were decreased by \$2,345,976 and \$78,340, respectively. In addition, on the Statement of Net Assets, termination benefits decreased the beginning unrestricted net assets by \$8,325,975, as of June 30, 2005.

WEBER SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2006

	Special Revenue		Total Nonmajor Governmental Funds
	School Lunch	Recreation	
Assets:			
Cash and investments	\$ 599,862	\$ 120,230	\$ 720,092
Receivables:			
Property taxes	-	544,974	544,974
Other governments	430,067	-	430,067
Inventory	383,670	-	383,670
Total assets	<u>\$ 1,413,599</u>	<u>\$ 665,204</u>	<u>\$ 2,078,803</u>
Liabilities:			
Accounts payable	\$ 16,193	\$ -	\$ 16,193
Accrued wages	692,254	71,182	763,436
Termination benefits	96,431	-	96,431
Deferred revenue:			
Property taxes	-	594,022	594,022
Total liabilities	<u>804,878</u>	<u>665,204</u>	<u>1,470,082</u>
Fund balances:			
Unreserved:			
Reserved for encumbrance	33,334	-	33,334
Undesignated	575,387	-	575,387
Total fund balances	<u>608,721</u>	<u>-</u>	<u>608,721</u>
Total liabilities and fund balances	<u>\$ 1,413,599</u>	<u>\$ 665,204</u>	<u>\$ 2,078,803</u>

WEBER SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2006

	Special Revenue		Total
	School Lunch	Recreation	Nonmajor Governmental Funds
Revenues:			
Property tax	\$ -	\$ 697,170	\$ 697,170
Student fees	-	207,576	207,576
Lunch sales	4,614,936	-	4,614,936
Earnings on investments	7,865	-	7,865
State aid	1,356,927	-	1,356,927
Federal aid	3,962,887	-	3,962,887
Total revenues	<u>9,942,615</u>	<u>904,746</u>	<u>10,847,361</u>
Expenditures:			
Instructional services	-	1,015,868	1,015,868
School lunch services	<u>9,763,411</u>	-	<u>9,763,411</u>
Total expenditures	<u>9,763,411</u>	<u>1,015,868</u>	<u>10,779,279</u>
Excess of expenditures over revenues	179,204	(111,122)	68,082
Other financing sources:			
Transfer in	-	111,122	111,122
Net change in fund balances	<u>179,204</u>	-	<u>179,204</u>
Fund balances - beginning, as restated	<u>429,517</u>	-	<u>429,517</u>
Fund balances - ending	<u>\$ 608,721</u>	<u>\$ -</u>	<u>\$ 608,721</u>

WEBER SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
School Lunch

Nonmajor Special Revenue Fund

Year Ended June 30, 2006

With Comparative Totals for 2005

	2006			2005
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
Revenues:				
Local sources:				
Lunch sales	\$ 4,717,174	\$ 4,614,936	\$ (102,238)	\$ 4,425,097
Earnings on investments	3,000	7,865	4,865	3,121
Total local sources	4,720,174	4,622,801	(97,373)	4,428,218
State sources:				
State lunch program	1,394,794	1,356,927	(37,867)	1,213,196
Total state sources	1,394,794	1,356,927	(37,867)	1,213,196
Federal sources:				
Federal lunch program	4,057,732	3,962,887	(94,845)	3,673,137
Total federal sources	4,057,732	3,962,887	(94,845)	3,673,137
Total revenues	10,172,700	9,942,615	(230,085)	9,314,551
Expenditures:				
Current:				
Employee salaries and benefits	5,027,791	4,453,916	573,875	4,343,893
Purchased services	325,000	455,157	(130,157)	454,871
Supplies	351,766	272,889	78,877	270,324
Food	4,300,000	4,402,988	(102,988)	4,007,540
Equipment	312,000	162,576	149,424	164,394
Other	364,000	15,885	348,115	68,781
Total expenditures	10,680,557	9,763,411	917,146	9,309,803
Excess (deficiency) of revenues over (under) expenditures	(507,857)	179,204	687,061	4,748
Fund balances - beginning, as restated	507,857	429,517	(78,340)	424,769
Fund balances - ending	\$ -	\$ 608,721	\$ 608,721	\$ 429,517

WEBER SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Recreation

Nonmajor Special Revenue Fund

Year Ended June 30, 2006

With Comparative Totals for 2005

	2006			2005
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
Revenues:				
Local sources:				
Property taxes	\$ 710,000	\$ 697,170	\$ (12,830)	\$ 687,602
Community school fees	246,000	207,576	(38,424)	184,230
Miscellaneous revenues			-	-
Total local sources	956,000	904,746	(51,254)	871,832
Total revenues	956,000	904,746	(51,254)	871,832
Expenditures:				
Employee salaries and benefits	844,000	786,184	57,816	701,537
Purchased services	36,575	16,433	20,142	17,928
Supplies	4,000	4,764	(764)	199
Equipment	4,000	-	4,000	68
Other	227,150	208,487	18,663	196,345
Total expenditures	1,115,725	1,015,868	99,857	916,077
Other financing sources:				
Transfer in	159,725	111,122	48,603	44,245
Net change in fund balances	-	-	(102,508)	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ (102,508)	\$ -

WEBER SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Major Debt Service Fund
Year Ended June 30, 2006
With Comparative Totals for 2005

	2006			2005
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
Revenues:				
Property tax	\$ 6,980,263	\$ 7,107,642	\$ 127,379	\$ 7,093,585
Earnings on investments	-	-	-	-
Total revenues	6,980,263	7,107,642	127,379	7,093,585
Expenditures:				
Debt service:				
Bond principal	3,820,000	3,820,000	-	3,535,000
Bond interest	3,514,074	3,487,232	26,842	3,417,016
Paying agent fees	100,000	2,263	97,737	28,314
Total expenditures	7,434,074	7,309,495	124,579	6,980,330
Excess (deficiency) of revenues over (under) expenditures	(453,811)	(201,853)	251,958	113,255
Other financing sources (uses):				
Proceeds of refunding bonds	-	22,890,000	22,890,000	7,775,000
Bond premium	-	297,274	297,274	203,033
Bond refunding issuance costs	-	(225,208)	(225,208)	(81,953)
Payment to refunded bond escrow agent	-	(22,962,066)	(22,962,066)	(7,896,080)
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(453,811)	(201,853)	251,958	113,255
Fund balance - beginning	453,811	453,811	-	340,556
Fund balance - ending	\$ -	\$ 251,958	\$ 251,958	\$ 453,811

WEBER SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Major Capital Projects Fund
Year Ended June 30, 2006
With Comparative Totals for 2005

	2006			2005
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
Revenues:				
Local sources:				
Property taxes	\$ 10,331,781	\$ 10,387,838	\$ 56,057	\$ 8,685,201
Earnings on investments	400,000	102,535	(297,465)	306,158
Total local sources	10,731,781	10,490,373	(241,408)	8,991,359
State sources:				
Capital outlay foundation	2,388,222	2,388,222	-	2,245,662
Total state sources	2,388,222	2,388,222	-	2,245,662
Total revenues	13,120,003	12,878,595	(241,408)	11,237,021
Expenditures:				
Land and buildings:				
Purchased services	25,000	30,826	(5,826)	251,917
Salaries and benefits	671,530	733,382	(61,852)	712,316
Land purchases	609,000	2,904,887	(2,295,887)	536,210
Building improvements	9,885,763	4,036,334	5,849,429	6,846,863
Total land and buildings	11,191,293	7,705,429	3,485,864	8,347,306
Equipment and Textbooks:				
Maintenance and custodial	377,413	346,152	31,261	403,334
Equipment support departments	493,320	509,632	(16,312)	231,468
Computer purchase	624,578	452,647	171,931	1,782,243
Computer software	-	-	-	-
Other instructional equipment	183,350	148,720	34,630	5,740
Textbooks	826,650	830,658	(4,008)	854,857
Buses	536,610	536,404	206	180,194
Other vehicles	200,000	198,765	1,235	168,450
Total equipment	3,241,921	3,022,978	218,943	3,626,286
Total expenditures	14,433,214	10,728,407	3,704,807	11,973,592
Excess (deficiency) of revenues over (under) expenditures	(1,313,211)	2,150,188	3,463,399	(736,571)
Other Financing Sources (Uses):				
Notes payable proceeds	-	2,557,779	2,557,779	-
Note payments	(615,000)	(646,449)	(31,449)	(636,116)
Note interest	(85,000)	(48,376)	36,624	(65,645)
Transfer out	(3,800,000)	(3,759,519)	40,481	(2,162,572)
Sale of capital assets	-	10,346	10,346	1,195,827
Total other financing sources (uses)	(4,500,000)	(1,886,219)	2,613,781	(1,668,506)
Net change in fund balances	(5,813,211)	263,969	6,077,180	(2,405,077)
Fund balance - beginning	9,813,211	9,813,211	-	12,218,288
Fund balance - ending	\$ 4,000,000	\$ 10,077,180	\$ 6,077,180	\$ 9,813,211

WEBER SCHOOL DISTRICT
Statement of Changes in Assets and Liabilities
Student Activities Agency Fund
Year Ended June 30, 2006

	<u>Net Assets at July 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Net Assets at June 30, 2006</u>
Assets:				
Cash and investments	<u>\$ 165,255</u>	<u>\$ 753,936</u>	<u>\$ (787,595)</u>	<u>\$ 131,596</u>
Liabilities:				
Due to student organizations	<u>165,255</u>	<u>753,936</u>	<u>(787,595)</u>	<u>131,596</u>
Total liabilities	<u>\$ 165,255</u>	<u>\$ 753,936</u>	<u>\$ (787,595)</u>	<u>\$ 131,596</u>

Table 1 Debt Structure
WEBER SCHOOL DISTRICT
General Obligation Bonds
Outstanding General Obligation Debt (As of June 30, 2006)

Series	Purpose	Original Amount	Final Maturity Date	Current Balance Outstanding
2006	Refunding	\$ 22,890,000	June 15, 2021	\$ 22,890,000
2005	Building	7,775,000	June 15, 2016	7,775,000
2003	Building	13,260,000	June 15, 2023	9,380,000
2002	Building	2,500,000	June 15, 2021	1,855,000
2001 B	Building	15,000,000	June 15, 2021	1,160,000
2000	School Building and Refunding	10,000,000	June 15, 2020	1,865,000
1998 B	Refunding	11,670,000	June 15, 2007	2,740,000
1997 A	School Building and Refunding	22,630,000	June 15, 2016	13,905,000
Total direct obligation bonded indebtedness				<u>\$ 61,570,000</u>

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Table 2 Debt Structure
WEBER SCHOOL DISTRICT
General Obligation Bonds
General Obligation Overlapping Indebtedness (As of June 30, 2006)

Entity	2005 Taxable Value	District's Portion of Assessment	Entity's Percent	General Obligation Debt	Overlapping Debt
Weber County	\$ 9,122,881,715	\$ 5,975,771,673	65.5%	\$ 25,120,000	\$ 16,454,382
Cities:					
Farr West City	260,605,686	260,605,686	100.0%	-	-
Harrisville	182,526,701	182,526,701	100.0%	35,000	35,000
North Ogden City	604,778,205	604,778,205	100.0%	-	-
Washington Terrace	304,407,419	304,407,419	100.0%	4,705,000	4,705,000
Other Districts:					
Weber Basin Water Conservancy District	27,524,757,922	5,257,228,763	19.1%	35,212,376	6,725,564
North Davis County Sewer District	6,365,875,397	999,442,437	15.7%	60,397,000	9,482,329
Hooper Water Imp. District	358,425,173	358,425,173	100.0%	-	-
West Warren Water Imp. District	33,884,098	33,884,098	100.0%	-	-
Total overlapping general obligation debt					37,402,275
Total direct general obligation bonded indebtedness					61,570,000
Total direct and overlapping general obligation debt					<u>\$ 98,972,275</u>

1 Weber Basin Water Conservancy District ("WBWCD") covers all of Morgan County, most of Davis and Weber Counties, and a portion of Box Elder and Summit Counties. Principal and interest on WBWCD bonds are paid primarily from sales of water. WBWCD bonds are shown as overlapping but are self-supporting except for a minimum 0.000200 tax rate.

2 Cities or districts marked with 100% are contained entirely within the District. Other Cities or districts contain territory partly within and partly outside the district. The percentage shown represents the portion of the District's taxable value as compared to the total taxable value of the entity.

Note: The State of Utah general obligations debt is not included in the calculation of Total Direct and Overlapping General Obligation Debt because the State currently levies no property tax for payment of general obligation bonds.

**Table 3 Debt Structure
WEBER SCHOOL DISTRICT
General Obligation Bonds
Debt Ratios**

	To 2005 Taxable Value	To Adjusted Fair Market Value	Per Capita Debt Ratio
Direct general obligation debt	1.03%	0.64%	516.06
Direct and overlapping general obligation debt	1.66%	1.02%	829.56

-
- 1 Based on the State of Utah's December 31, 2004 taxable value for Weber School District of: \$ 5,975,771,673
2 Based on the State of Utah's December 31, 2004 adjusted fair market value for the District of: \$ 9,671,132,777
3 Based on the U.S. Bureau of the Census estimate for Weber County of 196,533 less Ogden City's population estimate of 77,226. (Ogden City does not lie within the District's boundaries) therefore, Weber School District's 2000 population estimate is 119,307.

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Table 4 Debt Structure
WEBER SCHOOL DISTRICT
General Obligation Bonds
Debt Service Schedule of Outstanding General Obligation Bonds

Fiscal Year Ending 6/30	Series 1997 A			Series 1998 B			Series 2000			Series 2001 B		
	Principal (Due 6/15)	Interest (Due 6/15)		Principal (Due 6/15)	Interest (Due 6/15)		Principal (Due 6/15)	Interest (Due 6/15)		Principal (Due 6/15)	Interest (Due 6/15)	
2007	\$ 285,000	\$ 745,048		\$ 2,740,000	\$ 137,000		\$ 330,000	\$ 92,195		\$ 275,000	\$ 49,300	
2008	2,015,000	730,798		-	-		400,000	76,685		285,000	37,613	
2009	2,115,000	627,025		-	-		160,000	57,685		295,000	25,500	
2010	2,230,000	515,988		-	-		440,000	50,005		305,000	12,963	
2011	2,345,000	396,683		-	-		35,000	28,665		-	-	
2012	2,055,000	270,053		-	-		45,000	26,933		-	-	
2013	655,000	158,055		-	-		45,000	24,683		-	-	
2014	695,000	122,030		-	-		50,000	22,388		-	-	
2015	735,000	83,805		-	-		50,000	19,788		-	-	
2016	775,000	43,013		-	-		55,000	17,138		-	-	
2017	-	-		-	-		60,000	14,195		-	-	
2018	-	-		-	-		60,000	10,925		-	-	
2019	-	-		-	-		65,000	7,595		-	-	
2020	-	-		-	-		70,000	3,955		-	-	
2021	-	-		-	-		-	-		-	-	
2022	-	-		-	-		-	-		-	-	
2023	-	-		-	-		-	-		-	-	
TOTAL	\$ 13,905,000	\$ 3,692,495		\$ 2,740,000	\$ 137,000		\$ 1,865,000	\$ 452,833		\$ 1,160,000	\$ 125,375	

	Series 2002			Series 2003			Series 2005			Series 2006		
	Principal (Due 6/15)	Interest (Due 6/15)		Principal (Due 6/15)	Interest (Due 6/15)		Principal (Due 6/15)	Interest (Due 6/15)		Principal (Due 6/15)	Interest (Due 6/15)	
2007	\$ -	\$ 84,543		\$ -	\$ 445,958		\$ -	\$ 290,900		\$ 140,000	\$ 958,713	
2008	-	84,543		-	445,958		1,125,000	290,900		450,000	953,813	
2009	-	84,543		-	445,958		1,245,000	257,150		-	938,063	
2010	-	84,543		-	445,958		1,285,000	219,800		-	938,063	
2011	-	84,543		-	445,958		1,340,000	168,400		-	938,063	
2012	-	84,543		-	445,958		1,160,000	114,800		-	938,063	
2013	-	84,543		-	445,958		380,000	66,950		1,625,000	938,063	
2014	-	84,543		-	445,958		400,000	51,750		1,875,000	873,063	
2015	-	84,543		-	445,958		410,000	35,750		2,075,000	798,063	
2016	-	84,543		-	445,958		430,000	19,350		2,150,000	704,688	
2017	320,000	84,543		710,000	445,958		-	-		2,250,000	607,938	
2018	330,000	70,623		745,000	416,138		-	-		2,350,000	517,938	
2019	345,000	55,938		-	380,750		-	-		3,200,000	423,938	
2020	360,000	40,240		-	380,750		-	-		3,350,000	287,938	
2021	500,000	23,500		-	380,750		-	-		3,425,000	145,563	
2022	-	-		3,875,000	380,750		-	-		-	-	
2023	-	-		4,050,000	202,500		-	-		-	-	
TOTAL	\$ 1,855,000	\$ 1,120,268		\$ 9,380,000	\$ 7,047,170		\$ 7,775,000	\$ 1,515,750		\$ 22,890,000	\$ 10,961,963	

Table 4 Debt Structure
WEBER SCHOOL DISTRICT
General Obligation Bonds
Debt Service Schedule of Outstanding General Obligation Bonds

	Totals		
	Total Principal	Total Interest	Total Debt Service
2007	\$ 3,770,000	\$ 2,803,655	\$ 6,573,655
2008	4,275,000	2,620,308	6,895,308
2009	3,815,000	2,435,923	6,250,923
2010	4,260,000	2,267,318	6,527,318
2011	3,720,000	2,062,310	5,782,310
2012	3,260,000	1,880,348	5,140,348
2013	2,705,000	1,718,250	4,423,250
2014	3,020,000	1,599,730	4,619,730
2015	3,270,000	1,467,905	4,737,905
2016	3,410,000	1,314,688	4,724,688
2017	3,340,000	1,152,633	4,492,633
2018	3,485,000	1,015,623	4,500,623
2019	3,610,000	868,221	4,478,221
2020	3,780,000	712,883	4,492,883
2021	3,925,000	549,813	4,474,813
2022	3,875,000	380,750	4,255,750
2023	4,050,000	202,500	4,252,500
TOTAL	\$ 61,570,000	\$ 25,052,853	\$ 86,622,853

**Table 5 Financial Information
WEBER SCHOOL DISTRICT
Taxable and Fair Market Value**

Including Fee in Lieu Valuation

<u>Year</u>	<u>Taxable Value</u>	<u>Adjusted Fair Market Value</u>
2005	\$ 5,975,771,673	\$ 9,671,132,777
2004	5,576,648,791	8,690,638,463
2003	5,583,490,020	8,107,638,463
2002	5,395,892,609	7,829,646,324
2001	4,952,343,546	7,548,272,161

Excluding Fee in Lieu Valuation

<u>Year</u>	<u>Taxable Value</u>	<u>Adjusted Fair Market Value</u>
2005	\$ 5,335,809,388	\$ 9,031,170,492
2004	4,949,922,036	7,474,070,479
2003	4,767,398,253	7,201,151,968
2002	4,374,380,206	6,970,308,821
2001	4,090,905,224	6,287,643,789

(Source: Property Tax Division, Utah State Tax Commission)

1 - These valuation figure include the value associated with the fees in lieu of ad valorem taxes for motor vehicles and other tangible personal property.

**Table 6 Financial Information
WEBER SCHOOL DISTRICT
Significant Taxpayers in the District**

Taxpayer	Type of Business	December 31, 2005 Taxable Valuation	Percentage of Total Assessed Valuation
Fresenius/Delmed/Cit Group	Manufacturing	\$ 111,805,207	1.87%
Boyer Company	Construction	111,345,962	1.86%
Pacificorp	Electric Utility	97,677,203	1.63%
Boeing/Petersen	Aerospace	57,834,934	0.97%
Qwest Corporation	Telephone Utility	53,544,620	0.90%
Williams International Corporation	Manufacturing	51,479,928	0.86%
Autolive ASP, Inc	Manufacturing	48,110,291	0.81%
Associated Food Stores, Inc.	Groceries	44,831,475	0.75%
Kimberly-Clark Corporation	Manufacturing	40,368,966	0.68%
Great Salt Lake Minerals	Manufacturing	39,604,331	0.66%
IHC Hosiptals, Inc	Medical	38,256,482	0.64%
Questar Gas	Gas Utility	34,096,582	0.57%
New Gate Mall	Retail	27,697,330	0.46%
America First Credit Union	Banking	26,846,249	0.45%
Columbia Ogden Medical Center	Medical	26,417,721	0.44%
Union Pacific Railroad Company	Railroad	23,649,197	0.40%
Totals		\$ 833,566,478	13.95%

1 - Based on the District's 2005 taxable value of: \$ 5,975,771,673
Source: Office of Weber County Treasurer

**Table 7 Financial Information
WEBER SCHOOL DISTRICT
Summary of Taxable Value**

	<u>2005 Taxable Value</u>	<u>Percent of 2004</u>	<u>2004 Taxable Value</u>
Centrally assessed values:	\$ 223,375,852	4.01%	\$ 222,086,193
Real property:			
Primary residential	3,363,916,339	60.32%	3,173,445,550
Other residential	379,482,449	6.80%	340,834,685
Commercial and industrial	973,340,478	17.45%	929,745,257
FAA	17,678,584	0.32%	18,244,305
Unimproved non FAA	78,930,179	1.42%	78,485,701
Total real property	<u>4,813,348,029</u>	<u>86.31%</u>	<u>4,540,755,498</u>
Personal property:			
Primary and secondary mobile homes	19,677,806	0.35%	20,651,315
Other business personal	279,407,701	5.01%	286,038,690
Total personal property	<u>299,085,507</u>	<u>5.36%</u>	<u>306,690,005</u>
Fee-in-lieu property (F-I-L):	<u>639,962,285</u>	11.48%	507,117,095
Total assessed properties:	<u><u>5,975,771,673</u></u>	<u><u>107.16%</u></u>	<u><u>5,576,648,791</u></u>

Source: Utah State Tax Commission

**Tables 8, 9 & 10 Financial Information
WEBER SCHOOL DISTRICT**

Tax Collection Record of the District

Tax Year End 12/31	Total Taxes Levied	Current Collections	Percent Current Collections	Collections for Prior Years	Total Collections	Percent of Total Collections
2005	\$ 37,531,741	\$ 35,632,124	94.94%	\$ 1,208,077	\$ 36,840,201	98.16%
2004	34,993,743	33,354,846	95.32%	1,343,336	34,698,182	99.16%
2003	33,491,813	31,862,152	95.13%	1,142,054	33,004,206	98.54%
2002	30,182,316	29,603,605	98.08%	1,240,000	30,843,605	102.19%
2001	28,063,830	26,998,045	96.20%	1,136,668	28,134,713	100.25%

Schedule of Property Tax Rates

	Tax Year Ended December 31,				
	2006	2005	2004	2003	2002
State required	0.001720	0.001800	0.001825	0.001743	0.001813
Voted leeway	0.000625	0.000625	0.000625	0.000624	0.000568
Board leeway	0.000400	0.000407	0.000400	0.000400	0.000400
Transportation	0.000184	0.000165	0.000141	0.000140	0.000140
Recreation	0.000120	0.000122	0.000121	0.000120	0.000120
Tort liability	0.000071	0.000062	0.000050	0.000050	0.000050
Capital outlay	0.000974	0.000992	0.000985	0.000995	0.000911
Debt service	0.001343	0.001400	0.001415	0.001405	0.001405
10% Additional	0.000845	0.000549	0.000499	0.000492	0.000492
Tax comm judge	0.000026	0.000002	-	-	-
Board reading levy	0.000119	0.000121	-	-	-
Total	0.006427	0.006245	0.006061	0.005969	0.005899

Historical Property Tax Collections by Fund

Fiscal Year Ending 6/30	Total Funds	General Fund	Special Revenue Programs	Capital Projects	Debt Service
2005-2006	37,339,281	19,146,631	697,170	10,387,838	7,107,642
2004-2005	35,197,325	18,730,937	687,602	8,685,201	7,093,585
2003-2004	34,031,365	18,164,621	674,704	8,189,364	7,002,676
2002-2003	34,031,365	18,164,621	674,704	8,189,364	7,002,676
2001-2002	29,408,372	14,979,254	612,249	7,168,418	6,648,451

**Table 11 Financial Information
WEBER SCHOOL DISTRICT
Five Year General Fund Financial Summary**

Five-Year Financial Summary

	2006	2005	2004	2003	2002
REVENUES:					
Local revenue:					
Property tax	\$ 19,146,631	\$ 18,730,937	\$ 18,164,621	\$ 16,455,097	\$ 14,979,254
Earnings from investments	1,559,276	600,362	668,384	681,749	678,059
Other	5,207,740	5,290,596	4,951,113	4,479,311	5,062,817
State	105,625,957	102,586,851	95,905,897	93,023,563	95,704,816
Federal	9,459,953	9,741,001	7,678,805	6,742,318	6,462,240
Total revenues	<u>140,999,557</u>	<u>136,949,747</u>	<u>127,368,820</u>	<u>121,382,038</u>	<u>122,887,186</u>
EXPENDITURES:					
Instruction	99,673,322	98,673,402	91,775,472	85,867,860	86,174,320
Support services					
Students	5,068,450	4,691,394	4,540,905	4,283,966	4,009,991
Instructional staff	2,243,998	2,475,417	1,528,010	4,128,334	4,338,605
District general administration	3,997,207	4,008,485	4,062,947	1,417,348	1,405,148
School administration	9,422,249	9,244,841	8,907,582	8,657,062	8,413,442
Business	1,202,315	1,288,402	1,138,766	1,145,122	1,120,411
Operations and maintenance	14,569,611	13,662,331	13,115,196	13,463,514	12,992,797
Student transportation	5,169,688	4,918,553	4,493,050	4,218,134	3,919,944
Central	1,882,109	1,763,998	1,608,468	1,617,106	1,436,748
Total expenditures	<u>143,228,949</u>	<u>140,726,823</u>	<u>131,170,396</u>	<u>124,798,446</u>	<u>123,811,406</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,229,392)</u>	<u>(3,777,076)</u>	<u>(3,801,576)</u>	<u>(3,416,408)</u>	<u>(924,220)</u>
Other financing sources (uses):					
Interfund transfer	<u>3,648,397</u>	<u>2,118,327</u>	<u>1,845,886</u>	<u>1,915,454</u>	<u>1,950,000</u>
Total other financing sources	<u>3,648,397</u>	<u>2,118,327</u>	<u>1,845,886</u>	<u>1,915,454</u>	<u>1,950,000</u>
Excess (deficiency) of revenues and other financing sources(uses) over (under) expenditures before cumulative change in accounting principle	1,419,005	(1,658,749)	(1,955,690)	(1,500,954)	1,025,780
Effect of cumulative change in accounting principle	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,603,776</u>	<u>-</u>
Excess(deficiency) of revenues and other financing sources (uses) over (under) expenditures	1,419,005	(1,658,749)	(1,955,690)	102,822	1,025,780
Fund balance, beginning of year	<u>5,767,779</u>	<u>7,426,528</u>	<u>9,382,218</u>	<u>9,279,396</u>	<u>8,253,616</u>
Fund balance, end of year	<u>\$ 7,186,784</u>	<u>\$ 5,767,779</u>	<u>\$ 7,426,528</u>	<u>\$ 9,382,218</u>	<u>\$ 9,279,396</u>

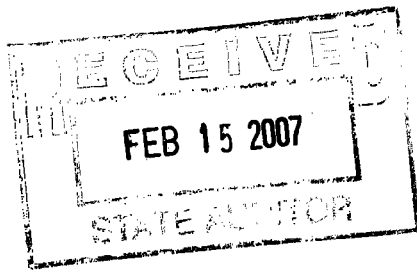
Source: The District's Basic financial statements.

Table 12 Financial Information
WEBER SCHOOL DISTRICT
Balance - General Fund

Five-Year Financial Summary

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
ASSETS:					
Cash and investments	\$ 31,414,851	\$ 31,133,910	\$ 31,932,716	\$ 30,718,735	\$ 34,782,083
Accounts receivable:					
Categorical funding	16,155,628	17,652,343	17,086,822	15,933,345	15,129,278
Other	4,316,166	223,862	133,334	119,691	313,676
Inventory, at cost or fair value	548,733	643,225	385,212	716,231	459,583
Due to other funds	-	-	-	93,824	-
Prepaid expenses	31,917	20,723	-	15,000	19,712
Other assets	-	654,879	654,879	654,879	663,394
Total assets	<u>\$ 52,467,295</u>	<u>\$ 50,328,942</u>	<u>\$ 50,192,963</u>	<u>\$ 48,251,705</u>	<u>\$ 51,367,726</u>
LIABILITIES & FUND BALANCE:					
Liabilities					
Account payable	\$ 3,102,515	\$ 2,306,237	\$ 7,438,814	\$ 4,816,186	\$ 5,516,715
Accrued wages payable	14,062,742	17,566,386	13,155,565	11,213,892	11,302,969
Terminatin benefits	2,868,556	2,345,976	-	-	-
Deferred revenue	25,246,698	22,342,564	22,172,056	22,839,409	25,268,646
Total liabilities	<u>45,280,511</u>	<u>44,561,163</u>	<u>42,766,435</u>	<u>38,869,487</u>	<u>42,088,330</u>
Fund balances:					
Reserved	96,076	441,276	258,374	775,808	637,923
Designated	8,483,401	7,568,633	7,168,154	7,632,060	6,834,688
Unreserved, undesignated	(1,392,693)	(2,242,130)	-	974,350	1,806,785
Total fund balance	<u>7,186,784</u>	<u>5,767,779</u>	<u>7,426,528</u>	<u>9,382,218</u>	<u>9,279,396</u>
Total liabilities & fund balance	<u>\$ 52,467,295</u>	<u>\$ 50,328,942</u>	<u>\$ 50,192,963</u>	<u>\$ 48,251,705</u>	<u>\$ 51,367,726</u>

Source: The District's Basic financial statements.



WEBER SCHOOL DISTRICT

**Government Auditing Standards
OMB Circular A-133 and Other Required Reports**

Year Ended June 31, 2006

(With Independent Auditors' Report Thereon)

WEBER SCHOOL DISTRICT
Government Auditing Standards, OMB Circular A-133 and Other Required Reports
Year Ended June 30, 2006

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

**Honorable Board of Education
Weber School District**

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Weber School District as of and for the year ended June 30, 2006, which collectively comprise the Weber School District basic financial statements and have issued our report thereon dated October 26, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Weber School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components do not reduce to a relatively low level the risk that misstatements by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and other matters

As part of obtaining reasonable assurance about whether Weber School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



We noted certain other matters that we reported to the Administration of the District, in a separate letter dated October 26, 2006.

This report is intended solely for the information of the audit committee, administration, Board of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Scamitt, Gifford, Linn: C. P. C.

October 26, 2006

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

**Honorable Board of Education
Weber School District**

Compliance

We have audited the compliance of Weber School District with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. Weber School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Weber School District's administration. Our responsibility is to express an opinion on Weber School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Weber School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Weber School District's compliance with those requirements.

In our opinion, Weber School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.



Internal Control Over Compliance

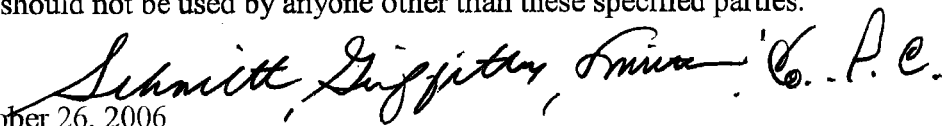
The management of Weber School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Weber School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Weber School District as of and for the year ended June 30, 2006, which collectively comprise the Weber School District basic financial statements and have issued our report thereon dated October 26, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Weber School District basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements of Weber School District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, administration, Board of Education and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


October 26, 2006

WEBER COUNTY SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2006

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Year Ended June 30, 2006		
			Grant Receipts	Revenue Recognized	Expenditures
U.S. Department of Education					
Direct Program:					
Impact aid	84.041	N/A	\$ 178,862	\$ 178,862	\$ 178,862
Teaching American History	84.215X	N/A	253,832	343,582	343,582
	84.215X	N/A	44,484		
Improvement of Ed (Earmark) CORI	84.215	N/A	125,975	125,975	125,975
Twenty-First Century CLC	84.287	N/A		128,717	128,717
	84.287	N/A	110,134	41,842	41,842
Total Direct			713,287	818,978	818,978
Passed through the Utah State					
Office of Education:					
Adult Education	84.002	35063312	38,797	47,500	47,500
	84.002	35053312	24,359	5,032	5,032
Adult English Language/Civics	84.002	35063312	21,910	26,906	26,906
	84.002	35053312	9,681		
Title I LEA	84.010	35063312	739,546	1,253,421	1,253,421
	84.010	35053312	1,333,087	341,667	341,667
Title I Neglegted and Delinquent	84.013	35063312	8,085	8,085	8,085
	84.013	35053312	2,580	344	344
Innovative Programs Title V A	84.298A	35060045	50,806	52,375	52,375
	84.298A	35050045	124,293	27,100	27,100
Special Education IDEA	84.027	35061905	900,983	2,410,687	2,410,687
	84.027	35051905	3,177,436	2,423,642	2,423,642
Special Education IDEA Discretionary	84.027	35061905	5,000	5,000	5,000
	84.027	35051905	9,000		
Special Education Capacity Building IC	84.027A	35051905	67,699		
Special Education IDEA Discretionary	84.027	35051905	26,967	13,822	13,822
Spec Ed PreSchool Discretionary IDE	84.027A	32061905	71,391	129,818	129,818
	84.027A	32051905	67,711	36,301	36,301
Vocational Education Basic Title II Dis	84.048	35062112		271,502	271,502
		35052112	307,479		
ATE Perkins Grant Leadership & Devel	84.048	35062112		9,197	9,197
ATE Perkins Grant LNCB Math	84.048	35052112	25,500		
ATE Perkins Grant Proj Lead the Way	84.048	35062112		7,678	7,678
		35052112	9,000		
Improving Teacher Quality Title IIA	84.281	35061605		661,118	661,118
	84.281	35051605	425,431	134,416	134,416
Imp Teacher Quality Title IIA Bridge	84.367A	35051605	8,509	17,271	17,271
	84.367A	35041605	46,997	25,476	25,476
Educational Tech Literacy Title IID	84.318X	35060044	4,672	24,897	24,897
	84.318X	35050044	53,063	14,067	14,067
	84.318X	35040044	15,455		
Safe & Drug free Sch & Com Title IV	84.186	35060905	29,173	67,866	67,866
	84.186	35050905	69,659	7,874	7,874
Impact Aid Elem & Sec Ed Hurricane F	84.938C	35060905		58,905	58,905
Early Intervention Literacy		35060905	5,000	5,000	5,000
Behavioral Initative		35060905	8,383	2,693	2,693
English Language Acquisition Title IIIA	84.365	35057306		32,488	32,488
	84.365	35037306		-	-
Ameri Corp	94.006	35063703	128,776	128,776	128,776
Total passed through			7,816,428	8,250,924	8,250,924
Total Department of Education			8,529,715	9,069,902	9,069,902

WEBER COUNTY SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards, Continued
Year Ended June 30, 2006

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Year Ended June 30, 2006		
			Grant Receipts	Revenue Recognized	Expenditures
U.S. Department of Health and Human Services					
Direct program:					
Early Intervention	84.181A	N/A	196,312	357,694	357,694 *
	84.181A	N/A	117,774		
Total Dept of Health & Human Serv			314,086	357,694	357,694
U.S. Department of Agriculture					
Passed through the Utah State					
Office of Education:					
Commodity distribution	10.550	N/A	561,942	561,942	561,942 *
National School Breakfast	10.553	35064425	629,911	635,348	635,348 *
	10.553	35054425	121,601	121,601	121,601
Special Assistance Prog Sec 11	10.555	35064425	1,792,103	1,844,000	1,844,000 *
	10.555	35054425	388,474	388,474	388,474
National School Lunch	10.555	35064425	349,535	349,535	349,535 *
	10.555	35054425	55,482	55,482	55,482
After School	10.555	35064425	4,799	5,377	5,377
		35054425	1,046	1,046	1,046
Fresh Fruit and Vegetables	10.574B	35064425	7,949	7,949	7,949
Total Department of Agriculture			3,912,842	3,970,754	3,970,754
Corporation for National and Community Services					
Passed through the Utah State					
Office of Education:					
	94.004	35065303	-	7,873	7,873
Service Learning Grant		35055303	5,865	-	-
Total Corp for Nat & Community Serv			5,865	7,873	7,873
Institute of Museum and Library Services					
Direct Program:					
State Library Program E- Rate	45.31	N/A		24,484	24,484
Total of Museum and Library Services			-	24,484	24,484
			\$ 12,762,508	\$ 13,430,707	\$ 13,430,707

Notes to Schedule

Calculated on the same basis as the general purpose financial statements.

* Major federal programs (programs with \$403,000 or more in expenditures.)

See independent auditors' report.

WEBER SCHOOL DISTRICT
Notes to Schedule of Expenditures of Federal Awards
June 30, 2006

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Weber School District and is presented on the accrual basis of accounting and in accordance with generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133. All federal financial awards received directly from federal agencies as well as federal financial awards passed through from other governmental agencies are included in these schedules.

Note B - Food Distribution

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

WEBER SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings
June 30, 2006

FINDINGS - FINANCIAL STATEMENT AUDIT

04-3 Monitoring of Financial Information

Condition: Under the District's current structure, the reconciliation of accounts to prepare for the annual financial audit and the preparation of the financial reports is only performed at year-end. The lack of timely financial information makes it very difficult to adequately manage the District's operations and may prevent the administration from addressing financial challenges, including budget to actual comparisons.

The District has recently made significant strides in improving the financial systems. The new financial accounting system is implemented and can be configured to produce monthly financial statements. An adequate month-end closing process which includes reconciliations of all major accounts and the preparation of monthly financial reports has not been implemented. Furthermore, current staffing and assignments of duties do not provide for monthly financial reporting.

Recommendation: We recommend that the administration design and implement a monthly reporting process which includes reconciliations of all major accounts on a timely basis. Furthermore, we recommend that current staffing levels and assignments of accounting personnel be reviewed and modified as needed, to allow for the best possible system of internal control, financial accounting and reporting. Assignment of duties should take into consideration the need for adequate supervision and review of all work performed by accounting personnel to insure compliance with adopted accounting policies and procedures.

Status: This recommendation has been implemented.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS
AUDIT

No prior audit findings are required to be reported in the current year.

WEBER SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2006

SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements of Weber School District.
2. No reportable conditions were disclosed during the audit of the financial statements.
3. No reportable condition of noncompliance were disclosed during the audit.
4. There were no reportable conditions disclosed during the audit of the major federal award programs.
5. The auditors' report on compliance for the major federal award programs for Weber School District expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs for Weber School District reported in the schedule of prior audit findings and questioned costs.
7. The programs tested as major federal programs were as follows:

<u>Name</u>	<u>CFDA No.</u>
National School Breakfast	10.553
Special Assistance Program Sec. 11	10.555
National School Lunch	10.555
After School	10.555

8. The threshold for distinguishing Types A and B programs was \$403,000.
9. Weber School District was determined to be a low risk auditee.

WEBER SCHOOL DISTRICT
Schedule of Findings and Questioned Costs, Continued
Year Ended June 30, 2006

FINDINGS - FINANCIAL STATEMENT AUDIT

There were no current year findings

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS
AUDIT:

There were no current year findings.

Independent Auditors' Report
State of Utah Legal Compliance

Honorable Board of Education
Weber School District

We have audited the basic financial statements of Weber School District for the year ended June 30, 2006 and have issued our report thereon dated October 26, 2006. As part of our audit, we have audited Weber School District's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; special tests and provisions applicable to each of its major state assistance programs as required by the State of Utah's Legal Compliance Audit Guide for the year ended June 30, 2006. The District received the following major state assistance programs from the State of Utah:

Minimum School Program
Drivers Education

Our audit also included test work on the District's compliance with the following general compliance requirements identified in the State of Utah Legal Compliance Audit Guide:

Public Debt
Cash Administration
Purchasing Requirements
Budgetary Compliance
Truth in Taxation and Property Tax Limitations
Other General Compliance Issues

The administration of Weber School District is responsible for the District's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether a material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above.



In our opinion, Weber School District, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2006.

Schmitt, Diggitt, Linn: C. P. C.

October 26, 2006

WEBER SCHOOL DISTRICT
State Compliance Schedule of Prior Audit Findings
June 30, 2006

04-1 Cash Management

Condition: The State of Utah requires that all funds received by the District be deposit in an established bank account within 3 business days of receipt. Our audit procedures disclosed that the District was not in compliance with this requirement at all times.

Recommendation: We recommend that the District review policies and procedures in order to comply with requirements of Utah State law.

Status: There were instances when the deposit was not made in a timely manner during the current year.

Administration response: Early in the year, we experienced periods of time where our technical systems were not operating (they were shut down for needed upgrades, maintenance, and platform adjustments). During this time we were unable to record cash receipts in our accounting system. Deposits were temporarily delayed. The situation has long since been corrected.

Status: This recommendation was implemented in current year.

04-2 Public Treasurers Fidelity Bond

Condition: The State of Utah requires that the District maintain a fidelity bond for its public treasurer based on a set calculation. In the current year, the District did not meet the required coverage level.

Recommendation: We recommend that the District review the required coverage calculation annually in order to assure compliance with State law.

Status: Condition continues in the current year.

Administration response: We will review the required coverage calculation on an annual basis and we will be compliant with State law.

WEBER SCHOOL DISTRICT
State Compliance Schedule of Prior Audit Findings
June 30, 2006

04-2 Public Treasurers Fidelity Bond, Continued

Status: This recommendation was implemented in current year.

05-1 Drivers Education

Condition: The State of Utah requires that the District report the number of students that have completed the driver's education program in the S-3 membership report. Our audit procedures disclosed that the District under reported the number of students who had completed the program.

Recommendation: We recommend that the District review policies and procedures in order to comply with requirements of Utah State law and that the numbers reported in the S-3 membership report be compared with the final year end driver's education statistics report.

Administration response: We will review the final year end driver's education statistics report and supporting documentation and report accurately in the S-3 membership report.

Status: This recommendation was implemented in current year.

**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES REGARDING
COMPLIANCE WITH PUPIL ACCOUNTING RULES FOR
AGGREGATE STUDENT MEMBERSHIP**

Board of Education
Weber School District

We have performed the procedures established by the Utah State Office of Education, as documented in the *State of Utah Legal Compliance Audit Guide, Appendix C-5*, and enumerated below, which were agreed to by you, solely to assist the Utah State Office of Education and you in evaluating Weber School District's compliance with the Utah State Office of Education's rules for pupil accounting for aggregate membership for the year ended June 30, 2006. Management is responsible for the District's compliance with those requirements. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and *Government Auditing Standards*, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures that we performed and our findings are summarized as follows:

1. We familiarized ourselves with the standards established by the State Board of Education and the Utah State Office of Education for recording and reporting student data and the District's data management policies and practices.
2. We selected a sample of 50 students from selected schools. Our sample included an appropriate representation from each compliance rule with a focus on potential or identified risk of noncompliance. Our sample is reported in the attached schedule.
3. For each student sampled, we studied the student's records and supporting documentation, identified the student's aggregate membership as recorded in the records, and determined whether the rules from R277-419 were properly applied in calculating the student's aggregate membership. See attached schedule for any exceptions.
4. For any student sampled whose reported aggregate membership is based on any violation of R277-419, we recalculated aggregate membership to determine the correct figure. See attached schedule for any exceptions.



We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the Board of Education, management of the District, and those specifically required by the filing and distribution requirements of the Utah State Office of Education and is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.

Schmitt, Duggerty, Smith & C.P.C.

September 15, 2006

WEBER SCHOOL DISTRICT
Aggregate Membership
As of June 30, 2006

AGGREGATE MEMBERSHIP AGREED UPON PROCEDURES SCHEDULE

FISCAL YEAR: June 30, 2006

AGENCY: WEBER SCHOOL DISTRICT

FIRM: SCHMITT GRIFFITHS SMITH & CO PC

CPA: Sherm Smith CPA, 621-1575

DATE: SEPTEMBER 15, 2006

SAMPLE MEMBER			REPORTED AGGR. MEMBERSHIP			ARE ENTRY & EXIT DATES CORRECT?			IS REPORTED AGGREGATE MEMBERSHIP IN COMPLIANCE WITH THESE RULES?					RECALCULATED AGGR. MEMBERSHIP					
3-Digit School Number Assigned by USOE	School Name	Statewide Student ID (SSID)	Local Student ID	Regular	Special Education Self Contained	Resource	Entry Date Correct	Exit Date Correct	4.4(a) Ten Day Rule	4.4(b) Max 900 Rule	4.4(c) IEP Rule	4.4(d)(i) Min 2 Hr Rule	4.4(d)(ii) Document Rule	4.4(d) Part Time Promotion Rule	4.4(d)(iii) Released Time 1 Period Rule	4.4(g) YIC Rule	Special Education Self Contained	Regular	Resource
701	Bonneville High School	900006917		180	X	X	Y	Y	X	X	X	X	X	X	Y	X			
701	Bonneville High School	900012166		166	X	X	Y	Y	X	X	X	X	X	X	Y	Y			
701	Bonneville High School	900015484		180	X	X	Y	Y	X	X	X	X	X	X	Y	Y			
701	Bonneville High School	900017651		180	X	X	Y	Y	X	X	X	X	X	X	Y	Y			
701	Bonneville High School	900035778		180	X	X	Y	Y	X	X	X	X	X	X	Y	Y			
701	Bonneville High School	900036250		180	X	X	Y	Y	X	X	X	X	X	X	Y	Y			
701	Bonneville High School	900055664		180	X	X	Y	Y	Y	Y	Y	X	X	X	X	X			
701	Bonneville High School	900034342		55	X	125	Y	Y	X	X	X	X	X	X	X	X			
408	South Ogden Jr. High	900056206		98	X	X	Y	N	N	X	X	X	X	X	X	X		20	
408	South Ogden Jr. High	900063020		180	X	X	Y	N	N	X	X	X	X	X	X	X		82	
408	South Ogden Jr. High	900075782		80	X	X	Y	N	N	X	X	X	X	X	X	X		100	
410	T.H. Bell Jr. High	900008660		111	X	X	Y	N	N	X	X	X	X	X	X	X			
410	T.H. Bell Jr. High	900028985		72	X	X	Y	Y	Y	X	X	X	X	X	X	X			
108	Club Heights	900070154		180	X	X	Y	Y	Y	X	X	X	X	X	X	X			
108	Club Heights	900076915		12	X	X	Y	Y	Y	X	X	X	X	X	X	X			
110	H. Guy Child	900051038		180	X	X	Y	Y	Y	X	X	X	X	X	X	X			
122	Marion Hills	900066792		180	X	X	Y	Y	Y	X	X	X	X	X	X	X			
144	Riverdale	900059418		180	X	X	Y	Y	Y	X	X	X	X	X	X	X			
144	Riverdale	900066974		180	X	X	Y	Y	Y	X	X	X	X	X	X	X			
148	Roosevelt	900014254		0	180	X	Y	Y	Y	Y	Y	X	X	X	X	X			
148	Roosevelt	900019508		180	X	X	Y	Y	N	X	X	X	X	X	X	X			10
148	Roosevelt	900070252		25	X	X	Y	Y	N	X	X	X	X	X	X	X			
408	South Ogden Jr. High	900061828		126	X	X	Y	Y	X	X	X	X	X	X	X	X			
408	South Ogden Jr. High	900062957		180	X	X	Y	Y	X	X	X	X	X	X	X	X			
110	H. Guy Child	900020971		180	X	126	Y	Y	X	Y	Y	X	X	X	X	X			
122	Marion Hills	900067235		180	X	180	Y	Y	X	Y	Y	X	X	X	X	X			
144	Riverdale	900020302		180	X	180	Y	Y	X	Y	Y	X	X	X	X	X			
148	Roosevelt	900075214		152	X	105	Y	Y	X	Y	Y	X	X	X	X	X			
154	Utah	900010379		180	X	180	Y	Y	X	Y	Y	X	X	X	X	X			
160	Washington Terrace	900014837		180	X	3	Y	Y	X	Y	Y	X	X	X	X	X			
408	South Ogden Jr. High	900055397		180	X	180	Y	Y	X	Y	Y	X	X	X	X	X			
410	T.H. Bell Jr. High	900011404		180	X	180	Y	Y	X	Y	Y	X	X	X	X	X			
701	Bonneville High School	900014414		77	X	180	Y	Y	X	Y	Y	X	X	X	X	X			
122	Marion Hills	900074839		33	X	145	Y	Y	X	Y	Y	X	X	X	X	X			
122	Marion Hills	900074892		0	X	146	Y	Y	X	Y	Y	X	X	X	X	X			
154	Utah	900013362		127	127	127	Y	Y	X	Y	Y	X	X	X	X	X			
154	Utah	900015922		10	158	158	Y	Y	X	Y	Y	X	X	X	X	X			
180	Washington Terrace	900017609		136	44	136	Y	Y	X	Y	Y	X	X	X	X	X			
410	T.H. Bell Jr. High	900055785		21	158	158	Y	Y	X	Y	Y	X	X	X	X	X			
701	Bonneville High School	900037011		116	64	116	Y	Y	X	Y	Y	X	X	X	X	X			
408	South Ogden Jr. High	900063764		180	X	180	Y	Y	X	X	X	X	X	X	X	X			
408	South Ogden Jr. High	900064436		84	X	X	Y	Y	X	X	X	X	X	X	X	X			
410	T.H. Bell Jr. High	900056327		180	X	X	Y	Y	X	X	X	X	X	X	X	X			
410	T.H. Bell Jr. High	900064429		180	X	X	Y	Y	X	Y	Y	X	X	X	X	X			
701	Bonneville High School	900016919		55	59	59	Y	Y	X	Y	Y	X	X	X	X	X			
701	Bonneville High School	900044271		180	X	X	Y	Y	X	X	X	X	X	X	X	X			
701	Bonneville High School	900043033		90	X	X	Y	Y	X	X	X	X	X	X	X	X			
701	Bonneville High School	900016413		180	X	X	Y	Y	X	X	X	X	X	X	X	X			
701	Bonneville High School	900013055		14	X	X	Y	Y	X	X	X	X	X	X	X	X			
701	Bonneville High School	900034533		180	X	X	Y	Y	X	X	X	X	X	X	X	X			

Enter one row for each student in the sample. SSID will not be available available until Year End 2006.

The sample should be risk based and include representations for each compliance rule.

Record membership in whole days as found in local records.

For each rule, record one of the following values regarding local data documentation or practice:
Y = Yes, in compliance
N = No, not in compliance
X = Not applicable to this student

Record recalculated membership only if there is an "N" indicating an incorrect entry or exit date or noncompliance with at least one of the rules.

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES REGARDING COMPLIANCE
WITH PUPIL ACCOUNTING RULES FOR FALL ENROLLMENT
COUNT AND TRANSFER STUDENT DOCUMENTATION**

**Board of Education
Weber School District**

We have performed the procedures established by the Utah State Office of Education, as documented in the *State of Utah Legal Compliance Audit Guide, Appendix C-5*, and enumerated below, which were agreed to by you, solely to assist you in evaluating Weber School District's (the District) compliance with the Utah State Office of Education's rules for pupil accounting for fall enrollment data as of the first school day of October 2006 and dropout data for the prior school year. Management is responsible for the District's compliance with those requirements. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures that we performed and our findings are summarized as follows:

Fall Enrollment Count

1. We visited 35 classes in eleven schools in the District on the first school day of October 2006. Our sample is reported in the attached schedule.
2. We counted the students in each class and compared our counts to the class rolls for that day and verified that students who were not present for the count were appropriately enrolled in the class. See attached schedule for any exceptions.
3. We also compared individual class rolls in the sample to the school's summary records for the classes that day. See attached schedule for any exceptions.
4. Finally, we verified the mathematical accuracy of the total enrollment for each school in the sample that day and compared the verified totals to the enrollment total for the same schools in the Fall Clearinghouse Report. See attached schedule for any exceptions.



Transfers

1. From the Transfer Student List, we selected a sample of 30 students who were enrolled in grades 7 through 12, but not enrolled on the last day of the school year, and not classified by the District as either high school completers or dropouts.
2. For the sample of students, we determined whether adequate documentation exists to support the District's claim that the student was not a dropout. See attached schedule for any exceptions.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

In accordance with *Government Auditing Standards*, we also noted other matters which we have reported to management of the District in a separate letter dated November 1, 2006.

This report is intended solely for the Board of Education, management of the District, and those specifically required by the filing and distribution requirements of the Utah State Office of Education and is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.

Schmitt, Duggitt, Smith & Co., P.C.

November 1, 2006

WEBER SCHOOL DISTRICT
Fall Enrollment Count
As of October 2, 2006

FALL ENROLLMENT COUNT AGREED UPON PROCEDURES SCHEDULE

DATE: October 2, 2006
 AGENCY: Weber School District
 POPULATION: 28737 - per Clearinghouse Report
 FIRM: SCHMITT, GRIFFITHS, SMITH & CO., P.C.
 CPA: SHERMAN SMITH
 DATE: November 1, 2006

Class Description	INDIVIDUAL CLASS ENROLLMENT		SCHOOL	TOTAL ENROLLMENT	
	5.4 Count of Students on Class Roll (Expected)	5.5 Count of Students in the Class (Actual)		5.6 Schools Enrollment as Reported by School in Own Records (Actual)	5.7 Schools Enrollment as Reported by District via Clearinghouse (Expected)
Advanced Health Lab	21	20	Roy High School		
English 12 CP	35	25	Roy High School		
English 11 CP	36	23	Roy High School	1,495	1,495
Astronomy	37	28	Roy High School		
Geometry Honors	28	25	Sandridge Junior High School		
TLC	27	26	Sandridge Junior High School	750	750
PE Int Act	32	31	Sandridge Junior High School		
4th Grade	26	24	Roy Elementary		
4th Grade	26	22	Roy Elementary		
4th Grade	25	23	Roy Elementary	647	655
4th Grade	28	23	Roy Elementary		
4th Grade	27	23	Lakeview Elementary	429	426
4th Grade	27	23	Lakeview Elementary		
4th Grade	29	27	Freedom Elementary		
4th Grade	30	27	Freedom Elementary		
4th Grade	28	27	Freedom Elementary	889	874
4th Grade	29	25	Freedom Elementary		
4th Grade	26	24	Midland Elementary		
4th Grade	27	27	Midland Elementary		
4th Grade	24	24	Midland Elementary	663	663
4th Grade	26	23	Midland Elementary		
4th Grade	23	21	Municipal Elementary		
4th Grade	24	23	Municipal Elementary	424	424
4th Grade	27	25	Municipal Elementary		
4th Grade	28	24	Municipal Elementary		
4th Grade	28	26	West Haven Elementary		
4th Grade	26	24	West Haven Elementary	606	607
4th Grade	30	26	West Haven Elementary		
Choir	22	22	Roy Jr. High		
German A	28	22	Roy Jr. High	912	912
Keyboard I	25	26	Roy Jr. High		
4th Grade	25	24	North Park Elementary	442	422
4th Grade	26	25	Valley View Elementary		
4th Grade	27	27	Valley View Elementary		
4th Grade	14	14	Valley View Elementary	478	477
TOTAL	947	849		7735	7705

WEBER SCHOOL DISTRICT
Transfer Student
As of October 2, 2006

TRANSFER STUDENT DOCUMENTATION AGREED UPON PROCEDURES SCHEDULE

FISCAL YEAR: Ended June 30, 2006

AGENCY: Weber School District

POPULATION: 1823

FIRM: SCHMITT, GRIFFITHS, SMITH & CO., P.C.

CPA: Sherman Smith

DATE: November 1, 2006

[1] School Name	[2] Statewide Student ID	[3] 6.2 Reported Year End Exit Code	[4] 6.4 Is documentation adequate to support the reported exit code? Y = yes, N = no	[5] If 6.4 is "no" enter the correc exit code	[6] ... and write a brief supporting explanation:
Rocky Mountain Jr. High	1458278	TD	Y		
Rocky Mountain Jr. High	1465333	TS	Y		
Roy Jr. High	1426100	TS	Y		
Roy Jr. High	1465177	TS	Y		
Roy Jr. High	1431173	TD	Y		
Roy Jr. High	1465435	TO	Y		
South Ogden Jr. High	1229539	TS	Y		
South Ogden Jr. High	1132048	TS	Y		
Wahlquist Jr. High	1427226	TD	Y		
Canyon View Jr. High	1431242	TD	Y		
Bonneville High	1421068	TS	Y		
Bonneville High	1422429	TD	Y		
Bonneville High	1536997	WD	Y		
Weber High	1465152	WD	Y		
Weber High	1419028	WD	Y		
Weber High	1418603	TO	Y		
Weber High	1419344	WD	Y		
Freemont High	1420628	WD	Y		
Freemont High	1465241	TS	Y		
Freemont High	1419903	TD	Y		
Freemont High	1419343	TD	Y		
Freemont High	1418032	TS	Y		
Roy High	1421999	TD	Y		
Roy High	1423454	TS	Y		
Roy High	1422073	WD	Y		
Two Rivers High	1417618	WD	Y		
Two Rivers High	1422810	WD	Y		
Sandridge Jr. High	1430145	TD	N	TD	No documentation provided
Sandridge Jr. High	1465155	TS	Y		
T H Bell Jr. High	1224939	TS	Y		

Board of Directors
Weber School District

Honorable Board Members:

During our fall enrollment audit, we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency. This letter summarizes our comments and suggestions concerning this matter. This letter will not affect our audit report for the year ended June 30, 2006 on the basic financial statements on the District.

PRIOR YEAR FINDINGS

05-1 Transfer Student Documentation

Procedures

In compliance with the State audit guide of Transfer Student Documentation, we performed tests that verified whether adequate documentation existed to support the District's claim that the student was not a transfer student and not a dropout.

Finding

There were 12 out of 30 students classified as transfer students that either, did not have adequate documentation, or documentation did not exist.

Recommendation

We recommend that the District adequately document all transfer students.

Administration Response

We will adopt procedures that will ensure the proper documentation of transfer students.



CURRENT YEAR FINDINGS

06-1 Transfer Student Documentation

Procedures

In compliance with the State audit guide of Transfer Student Documentation, we performed tests that verified whether adequate documentation existed to support the District's claim that the student was not a transfer student and not a dropout.

Finding

There was 1 out of 30 students classified as transfer students that either, did not have adequate documentation, or documentation did not exist.

Recommendation

We recommend that the District adequately document all transfer students.

Administration Response

We will adopt procedures that will ensure the proper documentation of transfer students.

Schmitt, Griffiths, Director: C.P.C.
November 1, 2006

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES FOR THE
UTAH REPORT OF ADULT EDUCATION DATA**

To The Board of Education of Weber School District

We have performed the procedures established by the Utah State Office of Education, as documented in the State of Utah Legal Compliance Audit Guide, Appendix C-6, and enumerated below, which were agreed to by you, solely to assist you in evaluating Weber School District's (District) compliance with the Utah Board of Education's Rule R277-733, *Adult Education and Adult High School Completion Programs and the Policies and Procedures Guide for the Adult Education Program* for the school year ended June 30, 2006. Management is responsible for compliance with those requirements and the information reported in the attached Adult Education Summary. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures that we performed and our findings are summarized as follows:

1. Student information:

**Sample Size: 14 Enrollees
6 Participants**

For each student (participant and enrollee) selected, we verified that the program accounting system clearly states the following:

Student's name, student's gender, student's ethnicity, name of school, name of class, category of class (ABE, AHSC, or ESOL), name of instructor, entry and exit dates, attendance record, contact hours for each class, units of credit awarded, student's level code, and student's demographic code, as applicable.

For each student (participant and enrollee) selected, we matched the student's information in the program accounting system to the student's enrollment application to ensure that information between the two sources is consistent.

No exceptions were found as a result of applying these procedures.



2. Contact hours:

**Sample Size: 14 Enrollees
6 Participants**

For each student (participant and enrollee) selected, we obtained the student's attendance record, recalculated the number of contact hours for the student and verified that the contact hours agreed with the hours reported on the program accounting system.

We matched the total contact hours on the program accounting system to the total contact hours on the Utah Report of Adult Education Data (URAED) for enrollees and participants.

The following exceptions were found as a result of the procedures and are also noted on the Adult Education Summary Report and District Management letter.

1. Total contact hours for participants (non-enrollees) ages 16-17 was reported on the URAED, page two, column J, as zero. The student accounting system shows 98 contact hours for this group.
2. Total contact hours for participants (non-enrollees) ages 18 and up was reported on the URAED, page 3, column J, as 1718. The student accounting system shows 1724 contact hours for this group. This total was generated by totaling the total contact hours for participants for 1822 hours, then subtracting the 98 hours that should have been credited to 16-17 year old participants.

3. Diplomas:

**Sample Size: 12 Enrollees
3 Participants**

For each student (participant and enrollee) selected, we verified that the diploma was properly reported on the student's transcripts.

We matched the total number of diplomas on the program accounting system to the URAED.

No exceptions were found as a result of applying these procedures.

4. General education development (GED) certificates:

**Sample Size: 2 Enrollees
3 Participants**

For each student (participant and enrollee) selected, we verified that the GED was properly cited on the student's transcript.

We matched the total number of GEDs on the program accounting system to the URAED.

The following exception was found as a result of the procedures and are also noted on the Adult Education Summary Report and District Management letter.

URAED, pg. 8 cites 71 certificates obtained. The program accounting system list cited 72 GED certificates obtained by enrollees and participants.

5. Level gains:

Sample Size: 14 Enrollees

For each enrollee selected, we (a) verified the entering educational functioning level, and (b) verified that the enrollee had a post-test, as noted on the program accounting system.

We matched the total number of level gains on the program accounting system to the URAED.

The following exception was found as a result of the procedures and are also noted on the Adult Education Summary Report and District Management letter.

The total number of level gains is understated by 25 levels. URAED, page two column H, reports 167 level gains for enrollees ages 18 and up. The student accounting system shows 192 level gains for this age group.

6. Credits earned

**Sample Size: 14 Enrollees
6 Participants**

For each student (participant or enrollee) selected, we verified that the total number of credits earned in the Adult Education Program was properly awarded and reported on the student's transcript.

We matched the number of credit hours on the program accounting system to the URAED.

The following exception was found as a result of the procedures and are also noted on the Adult Education Summary Report and District Management letter.

Total earned credits for participants is cited as 7.75 on URAED, page 10. The sum of credit earned by participants in the program accounting system is 8.75.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on compliance on the Utah Report of Adult Education Data of the Weber School District for the year ended June 30, 2006. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Education, management of the District, and those specifically required by the filing and distribution requirements of the Utah State Office of Education and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Schmitt, Guffey, Linton & Co., P.C.

September 13, 2006

**Weber School District
Adult Education Summary Report
For the Year Ended June 30, 2006**

	<u>Enrollees</u>	<u>Participants</u>
1 Total Number of	600	260
Ages 16-17	29	12
2 Participation (Contact Hours)	31,577	1,718
Ages 16-17	983	98
3 Total Number of Diplomas	141	3
4 Total Number of GED's	61	11
5 Level Gains Completed	174	XXXXXX
6 Total Credits Earned	329.75	7.75

The following exceptions were found when comparing the program accounting system to the URAED:

- 1 Total contact hours for participants (non-enrollees) ages 16-17 was reported on the URAED, page two, column J, as zero. The student accounting system shows 98 contact hours for this group.
- 2 Total contact hours for participants (non-enrollees) ages 18 and up was reported on the URAED, page 3, column J, as 1718. The student accounting system shows 1724 contact hours for this group. This total was generated by totaling the total contact hours for participants for 1822 hours, then subtracting the 98 hours that should have been credited to 16-17 year old participants.
- 3 URAED, pg. 8 cites 71 certificates obtained. The program accounting system list cited 72 GED certificates obtained by enrollees and participants.
- 4 The total number of level gains is understated by 25 levels. URAED, page two column H, report 167 level gains for enrollees ages 18 and up. The student accounting system shows 192 level gains for this age group.
- 5 Total earned credits for participants is cited as 7.75 on URAED, page 10. The sum of credit earned by participants in the program accounting system is 8.75.